2014-2023
Capital Budget & Plan
Corporate Report

City of Toronto

TORONTO

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2014 – 2023 Capital Budget and Plan Summary

The City of Toronto's Council approved the Tax Supported 2014 - 2023 Tax Supported Capital Budget and Plan on January 29 and 30, 2014 and the Rate Supported Capital Budget and Plan on November 29, 2013. The approved Tax and Rated Supported Capital Budget gross expenditures over the 10-Year Budget and Plan totals $28.667 billion requiring debt and capital from current funding of $7.120 billion as illustrated in Table 1 below.

The Tax Supported Programs gross 2014 - 2023 Capital Budget and Plan comprises 64% or $18.613 billion of the total gross expenditures over the 10-year plan with the remaining attributable to the Rate Supported Programs in the amount of $10.054 billion as illustrated in Table 1 below.

Table 1
2014 – 2023 Capital Budget and Plan

Programs / Agencies ($000)	2014				2014 - 2023			
	Gross	Debt/ CFC	Debt Target	Over/ (Under)	Gross	Debt/ CFC	Debt Target	Over/ (Under)
Tax Supported Programs								
Citizen Centred Services - A	222,002	87,215	89,454	(2,239)	1,494,796	915,728	926,978	(11,250)
Citizen Centred Services - B	385,634	246,331	268,749	(22,418)	3,372,815	2,157,018	2,181,598	(24,580)
Internal Services	264,922	98,873	123,261	(24,388)	1,821,460	780,849	765,396	15,453
Other City Programs	85,081	60,241	64,348	(4,107)	268,659	82,202	84,936	(2,734)
Total - City Operations	**957,638**	**492,660**	**545,812**	**(53,152)**	**6,957,730**	**3,935,797**	**3,958,908**	**(23,111)**
Agencies Excluding TTC	122,181	69,029	75,709	(6,680)	1,100,068	650,752	671,094	(20,342)
Total - Tax Supported before TTC	**1,079,819**	**561,689**	**621,521**	**(59,832)**	**8,057,798**	**4,586,549**	**4,630,002**	**(43,453)**
Toronto Transit Commission	916,108	308,632	388,355	(79,723)	6,325,031	2,002,046	1,878,338	123,708
2014 Scarborough Subway	14,500	2,500		2,500	3,437,000	531,308		531,308
Spadina Subway Extension	201,427				793,140			
Total - TTC	1,132,035	311,132	388,355	(77,223)	10,555,171	2,533,354	1,878,338	655,016
Total Tax Supported Programs	**2,211,854**	**872,821**	**1,009,876**	**(137,055)**	**18,612,969**	**7,119,903**	**6,508,340**	**611,563**
Rate Supported Programs								
Solid Waste Management	76,477				686,114			
Toronto Parking Authority	49,001				395,719			
Toronto Water	476,713				8,972,112			
Total Rate Supported Programs	**602,191**	-	-	-	**10,053,945**	-	-	-
Total Tax and Rate Supported Captial Budget	**2,814,045**	**872,821**	**1,009,876**	**(137,055)**	**28,666,913**	**7,119,903**	**6,508,340**	**611,563**

Tax Supported 2014 - 2023 Capital Budget and Plan Overview

The 2014 - 2023 Capital Budget and Plan satisfies Council's strategic priorities, as well as the recently approved Strategic Actions, specifically targeting the following strategic goals: Infrastructure for a Successful City and Community Capacity and Stewardship of City Resources and Assets. The 10-Year Capital Plan continues to advance on the City's long term fiscal plan objectives and focuses on infrastructure rehabilitation. It places priority on projects that protect the health and safety of citizens, meets legislated requirements, and those that maintain the City's infrastructure in a state of good repair to support cost-effective service delivery. This is particularly challenging with an aging infrastructure and growing population.

The 2014 - 2023 Capital Budget and Plan achieves a balance between maintaining assets in a state of good repair and accommodating growth and fulfills the following strategic objectives:

- Provides for growth in strategic areas and priority service expansion projects in key program areas to accommodate service demands and expectations of the public in a sustainable manner;
- Protects the City's $33.7 billion in infrastructure and physical assets for Tax Supported Programs by making significant strides in managing the accumulated state of good repair backlog which currently represents about 6.1% of the total estimated asset value. Despite the significant investment in maintaining and protecting the City's infrastructure and physical assets, there continues to be a gap between capital spending needs and affordable funding estimates.
- Over the 10 year period, SOGR investment in the 2014 -2023 Capital Budget and Plan will address estimated $11.144 billion of SOGR requirements. However, additional SOGR requirements over this time period resulted in a growing backlog that is estimated at $2.538 billion at the end of 2023, representing approximately 6.25% of City's total estimated asset value compared to 6.05% in 2013.
- Notwithstanding significant funding challenges, the 2014 - 2023 Capital Budget and Plan is fiscally prudent and balances the capital spending needs for infrastructure maintenance with the objective of ensuring that the City's debt burden remains below the Council approved maximum debt service charge ratio of 15%. In 2014, the debt service charge ratio, inclusive of the Scarborough Subway debt charges, is budgeted at 11.0%, peaking at 13.3% in 2020 before declining to 11.8% in 2023, leaving room for emergency works and the potential for interest rate increases in the future.
- In order to manage debt, the 10-Year Capital Budget and Plan strategically applies non-debt capital funding strategies comprised of the continuation of the Surplus Management Policy (75% of operating budget surplus allocated to capital financing), proceeds from the monetization of the City's marketable assets; maximizing Development Charges funding; Build Toronto Dividends; and new Provincial and Federal funding targets to offset future capital plan pressures.
- Accommodates TTC's $10.555 billion 10-Year Capital Budget and Plan inclusive of the Scarborough Subway ($3.437 billion) and the Spadina Subway Extension ($793.140 million) with the application of the capital non-debt financing strategy that includes $1.129 billion in reserve funding, $253 million in increased DC financing and $123.708 million in debt financing beyond the TTC Debt target. Investing in public transit infrastructure is part of the City's plan to reduce gridlock and strengthen communities. The Council approved Scarborough Subway Extension Project of $3.437 billion underscores this effort and is jointly funded by the Government of Canada, the Province of Ontario and the City of Toronto. The three-stop subway from Kennedy to Sheppard will provide a critical extension for the existing Toronto Transit Commission subway system.

  - Despite the significant funds allocated to TTC 10-Year Capital Plan; a $2.526 billion shortfall over the 2014-2023 time period exists. To address this funding shortfall, there is a need for a tri-party partnership by the Government of Canada, the Province of Ontario and the City of Toronto to establish a funding strategy to support TTC's ongoing capital pressures. A task force will be established comprised of the TTC Chair, the TTC CEO, the TTC CFAO, the City Manager and the City CFO to seek and secure funding from both the Federal and Provincial governments.

- Accommodates Transportation Services' $3.082 billion 10-Year Capital Budget and Plan, with the application of the approved capital financing strategy introduced in 2013. The capital financing strategy will continue to help fund capital work required for the F.G. Gardiner Expressway, investment in road resurfacing and reconstruction and key capital works to address traffic congestion.
- Accommodates Parks, Forestry and Recreation's $1.081 billion 10-Year Capital Budget and Plan, which is $286 million higher than last year's 10-Year plan, and includes $165 million additional funding in SOGR which will reduce accumulated backlog in 4 key asset categories: Pools, Community Centres, Arenas, and Trails and Pathways.
- Over the 10 year period, debt funding (excluding the Scarborough Subway) is reduced to approximately $509 million, driven primarily by increased Capital from Current funding and $395 million in new DC funding following the approval of the new DC By-law. As a result, the City has managed to maintain debt at affordable levels.

Financial Implications

2014 - 2023 Capital Budget and Plan

The 2014 Capital Budget totals $2.212 billion and estimated capital spending for the following nine years 2015 - 2023 total $16.401 billion or 88.1% of the total capital funding of $18.613 billion over the 10 year planning period, as described above in Table 1.

In 2014, City Operations and Agencies are under the debt target by $137.055 million. Over the 10-Year Capital Budget and Plan*ning period City Operations and Agencies (excluding TTC) are under the 10-year debt target by $43.453 million. When adding the TTC and Scarborough Subway Extension project the total 10-Year Capital Plan is over the debt target by $611.563 million.*

Transit alone accounts for the largest percentage of capital expenditures in the 10-Year Capital Budget and Plan. Inclusive of the Spadina Subway Extension Project, the TTC's 2014 - 2023 Capital Budget and Plan is $7.118 billion, representing approximately 38% of the total spending over the 10 year planning horizon. With the Scarborough Subway project, the TTC's share of the capital plan climbs to 57%. Transportation Services totals an additional $3.082 billion or 16.6%. Taken together, transit and transportation capital works account for $13.637 billion or 73% of the total expenditures in the 2014 – 2023 Capital Budget and Plan.

Budget and Plan by Category

Capital projects included in the 2014 - 2023 Capital Budget and Plan are prioritized into five categories, as shown in Chart 1. Consistent with the 2014 Capital Budget directions and guidelines, the Capital Plan focuses on maintaining and rehabilitating existing infrastructure used to deliver services to the citizens of Toronto.

Capital expenditures to maintain and renew the City's infrastructure total $11.144 billion, representing 60% of the 2014 - 2023 Capital Budget and Plan spending allocation and with the addition of Health and Safety and Legislated projects it grows to $11.800 billion or 63% , as outlined in Chart 1. This strategy is geared toward reducing the City's state of good repair backlog.

While emphasis has been placed on maintaining and protecting the City's existing infrastructure and physical assets, the 2014 - 2023 Capital Budget and Plan also invests $6.814 billion or 37% over the 10 years in strategic and priority Service Improvement and Growth Related projects to accommodate increasing service demands and growth.

Chart 1
2014 -2023 Capital Budget and Plan by Expenditure Category
$Million
$18.613

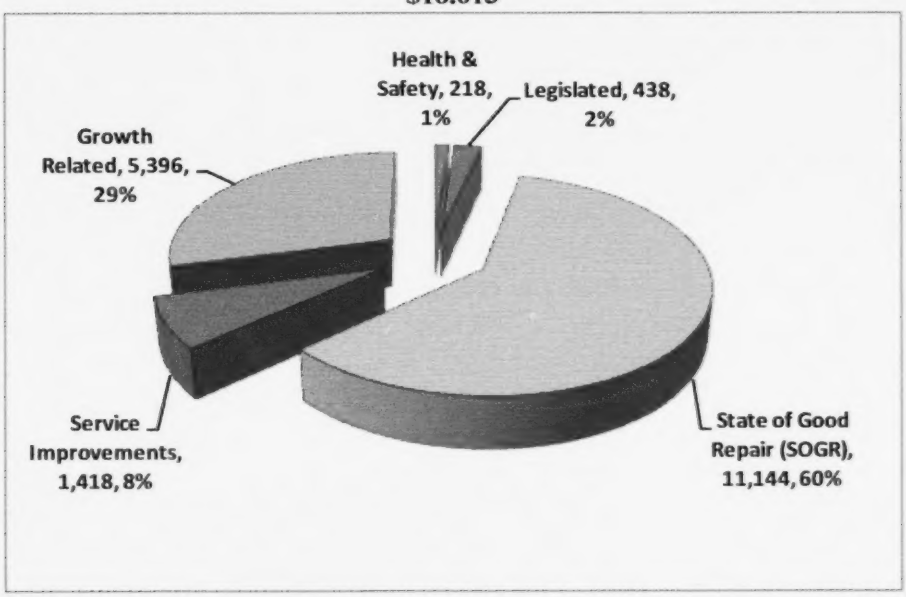
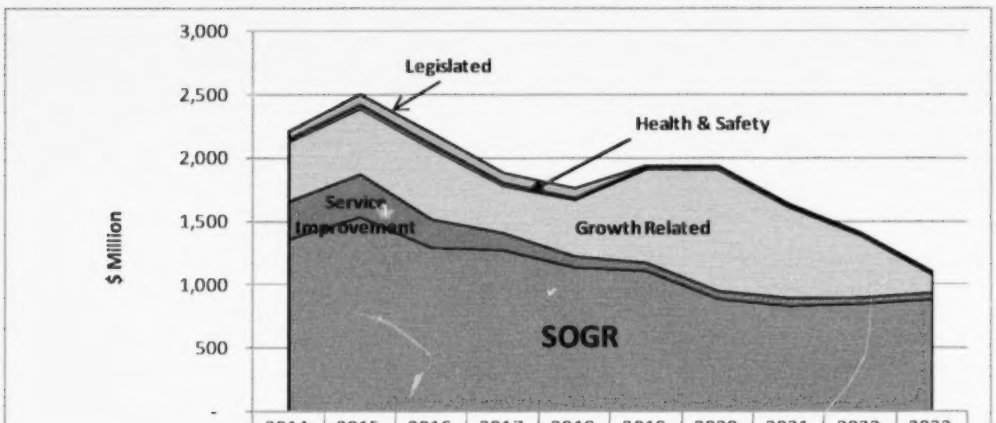

Health & Safety, 218, 1%
Legislated, 438, 2%
Growth Related, 5,396, 29%
Service Improvements, 1,418, 8%
State of Good Repair (SOGR), 11,144, 60%

Chart 2
2014 – 2023 Capital Budget and Plan
$Million
$18.613 Billion



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legislated	61	80	91	80	77	13	10	11	9	8
Health & Safety	22	28	30	24	16	17	21	17	18	23
Growth Related	469	517	557	371	445	738	956	714	486	141
Service Improvement	301	342	228	139	92	68	68	67	55	57
SOGR	1,359	1,532	1,291	1,272	1,134	1,108	886	831	848	883

Budget and Plan by Funding Source

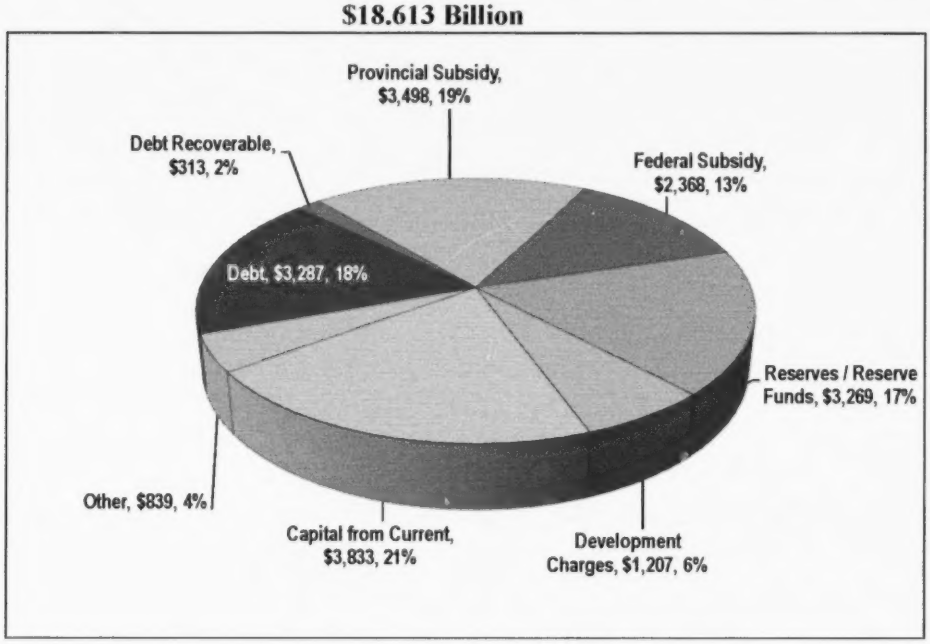
The primary financing sources for the 2014 – 2023 Capital Budget and Plan are:

- Federal and Provincial funding primarily for TTC projects that represents $5.866 billion or 32%.
- Reserves and Reserve Funds that represent $3.269 billion or 17% and reflects increased funding from the Capital Financing Reserve arising from the capital financing strategy.
- Capital from Current contribution represents $3.831 billion or 21% due to 10% annual increases.
- Debt is the funding source of last resort and represents $3.287 or 18% of the funding down from a historical average of approximately 30%.

Non-debt capital financing strategies reduce the reliance on debt cost thereby reducing pressure on the operating budget and freeing up more funds to deliver City services as noted below in Chart 3.

The Debt and Capital from Current contributions target is based on the City's policy that limits the ratio of debt service cost to tax levy to no more than 15%, on an annual basis. Capital from Current (CFC) funding totals $3.831 billion of the total funding for the 2014 – 2023 Capital Budget and Plan of $18.613 billion. To mitigate reliance on debt as a funding source for the City's 10-Year Capital Plan, CFC will continue to be increased by 10% annually, from $240.477million in 2014 to $567.031 million in 2023, increasing the CFC contribution relative percentage of financing from 11% in 2014 to 21% in 2023 over the 10 year period of the Capital Plan.

Chart 3
2014 – 2023 Capital Budget and Plan by Funding Source
$Million
$18.613 Billion


Provincial Subsidy, $3,498, 19%
Debt Recoverable, $313, 2%
Federal Subsidy, $2,368, 13%
Debt, $3,287, 18%
Reserves / Reserve Funds, $3,269, 17%
Other, $839, 4%
Capital from Current, $3,833, 21%
Development Charges, $1,207, 6%

Capital Financing

The City's 10-Year Capital Budget and Plan is financed from various funding sources, both external and City-own, with debt being the funding of last resort. The City's goal is to maximize funding from external sources, including other orders of government; development charges; contributions from other purpose- specific reserves and reserve funds, developer and third party contributions; and donations, prior to utilizing City-own sources such as Capital from Current funding and the issuance of debt.

Table 2
2014 – 2023 Capital Budget and Plan
$Million

Expenditures ($M)	Capital Plan					2014 - 2018		2019 - 2023		2014 - 2023	
	2014	2015	2016	2017	2018	Total	%	Total	%	Total	%
Health and Safety	22	28	30	24	16	121	1.1%	97	1.2%	218	1.2%
Legislated	61	80	91	80	77	388	3.7%	50	0.6%	438	2.4%
State of Good Repair	1,359	1,532	1,291	1,272	1,134	6,588	62.4%	4,556	56.6%	11,144	59.9%
Service Improvement	301	342	228	139	92	1,103	10.4%	315	3.9%	1,418	7.6%
Growth Related	469	517	557	371	445	2,360	22.4%	3,036	37.7%	5,396	29.0%
Total Expenditures	**2,212**	**2,500**	**2,197**	**1,886**	**1,765**	**10,560**	**100%**	**8,053**	**100%**	**18,613**	**100.0%**
Funded By:											
Provincial	301	389	349	219	305	1,563	14.8%	1,935	24.0%	3,498	18.8%
Federal	211	231	229	189	221	1,081	10.2%	1,287	16.0%	2,368	12.7%
Reserves	406	417	350	341	284	1,797	17.0%	1,009	12.5%	2,806	15.1%
Reserve Funds	90	56	64	56	92	356	3.4%	106	1.3%	463	2.5%
DC	92	144	171	148	100	655	6.2%	551	6.8%	1,207	6.5%
Other	165	196	159	56	53	628	5.9%	210	2.6%	839	4.5%
Capital from Current	240	265	291	320	352	1,468	13.9%	2,364	29.4%	3,833	20.6%
Debt Recoverable	74	96	31	22	15	238	2.2%	75	0.9%	313	1.7%
Debt	632	706	554	537	344	2,773	26.3%	515	6.4%	3,287	17.7%
Total Funding	**2,212**	**2,500**	**2,197**	**1,886**	**1,765**	**10,560**	**100.0%**	**8,053**	**100.0%**	**18,613**	**100.0%**

Note: "Reserves" also reflects future operating budget surpluses; proceeds from monetization of City assets and investments; and projected additional Provincial and Federal funding. "Other" includes cash donations and third party contributions.

The 2014–2023Capital Budget and Plan will be financed from the following funding sources, as shown in Table 2 above:

- Provincial ($3.498 billion or 18.8%) and Federal ($2.368 billion or 12.7%) funding account for $5.866 billion or 31.5% of total funding;
- Reserve and reserve funds contribute $3.269 billion or 17.17.6%;
  - Included within the Reserve and Reserve funds are proceeds from future operating budget surpluses; monetization of City assets; and dividends.
- Development Charges and "Other" sources, such as donations, contribution from developers and other third parties, provide $2.046 billion or 11% of total funding;
- Capital from Current contributions total $3.833 billion, representing 20.6% of total funding;
- Debt funding totals $3.287 billion or 17.7% of funding over the 10 year planning horizon;

It should be noted that debt funding would otherwise increase by the equivalent amount without the CFC contributions of $3.833 billion. Debt financing is also managed by limiting the City's debt based on the City's affordability to fund debt servicing costs. As a result, debt affordability targets are established for each City Program and Agency for each year of the 10 year capital plan period.

The debt management strategies are working and a continued steadfast commitment to fiscal discipline is vital in addressing increased investments with non-debt funding strategies and solutions such as strict adherence to the surplus management policy in which at least 75% of any year-end favorable operating variance is applied to the Capital Financing Reserve.

Non- Debt Capital Financing

1. Capital Financing Strategy for Priority Projects

In 2012, the City established a capital financing strategy to be applied against emerging capital needs to mitigate City-wide debt requirements. These funds are to be applied in a strategic manner against capital projects that meet prescribed criteria such as useful life or type of capital asset, enabling the City to prevent the debt service cost ratio from reaching the threshold of 15% of property tax funding. This strategy will ensure that the capital projects are properly funded, the City's debt is minimized, and that the City is protected from adverse economic risks.

A major funding source of this strategy is the operating surplus. The Surplus Management policy approved by Council in 2004 states that the surplus be applied in priority order to the following:

a) Capital Financing Reserve (at least 75% of the surplus) and,

b) The remainder to fund any underfunded liabilities and/or reserve funds as determined by the Deputy City Manager and Chief Financial Officer.

As indicated in Table 3 below, from 2012 to 2023, $2.013 billion of capital projects are to be funded by the non-debt capital financing strategy. The projects are mainly for the Toronto Transit Commission and Transportation services. Over the life of the strategy, operating surplus revenue will fund $921 million of the planned capital expenditures. Other sources of funding include the monetization of City assets, contributions from the Federal and Provincial government, anticipated increase in Development Charge funding and additional dividends to be received in future years.

Table 3
Capital Financing Strategy
$Million

Capital Financing Strategy													
	2012 - 2013 Secured Revenue		2014 and Future Year Capital Financing Strategy Revenue Estimates										
Description ($ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Enwave / Enwave Dividend / TPLC Dividend	219												219
Prior Year Operating Surplus	215	186	70	50	50	50	50	50	50	50	50	50	921
DC Increases								25	25	25	25	25	125
Future Years BT Dividend	20	10		35	35	45	50	50	50	50	50	50	445
Future Years Fed/Prov							50	50	50	50	50		250
TPA One-Time and Other			2	10	41								53
Total:	454	196	72	95	126	95	150	175	175	175	175	125	2,013

	2012 - 2013 Capital Funding		2014 & Future Year Funding Requirements										
Description ($ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
TTC Capital	45	60	252	228	195	165	114	116	60				1,234
Transportation Capital		15	61	64	68	77	78	69	77	78	79	90	756
FM&RE Capital					15								15
Total	45	75	313	292	278	242	192	185	137	78	79	90	2,005

Available Capital Financing Strategy Funding (Based on Current Capital Requirements & Future Year Revenue Estimates)													
Description ($ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimated Reserve Opening Balance	0	409	530	289	92	-60	-207	-249	-258	-220	-123	-27	
Annual Funding Requirements	-45	-75	-313	-292	-278	-242	-192	-185	-137	-78	-79	-90	-1,915
Annual Revenue Estimates	454	196	72	95	126	95	150	175	175	175	175	125	1,888
Estimated Reserve Closing Balance	409	530	289	92	-60	-207	-249	-258	-220	-123	-27	8	
Advance Financing Requirements					60	147	42	9					258

2. Dedicated Property Tax Increase for the Scarborough Subway Extension Project

At its meeting of October 8-11, 2013, City Council adopted as amended item CC39.5 "Scarborough Rapid Transit Options: Reporting on Council Terms and Conditions." This action approved the removal of the Scarborough LRT from the Master Agreement with Metrolinx and accepted the redirection of a minimum of $1.48 billion (in 2010 dollars) of Provincial funding to the City, for the purpose of the construction of the McCowan Corridor Subway (Scarborough Subway Extension).

The total estimated cost for the Scarborough Subway Extension is $3.56 billion (expressed in inflated dollars, or $2.5 billion in 2010 dollars). Current funding commitments received for the construction of the subway extension are as follows:

- Provincial government - $1.99 billion (expressed in inflated dollars, or $1.48 billion in 2010 dollars);
- Federal government - $660 million (expressed in inflated dollars);
- City of Toronto - $910 million (inflated dollars). The City will fund its share of the capital project through a combination of debt, tax funding and development charges funding. Dedicated property tax increase 0.5% in 2014, 0.5% in 2015 and 0.6% in 2016 will provide funding to repay the debt service costs for the project.

Table 4 below reflects the capital project plan for the Scarborough Subway Extension project identifying proposed cash flows estimates and anticipated funding.

Table 4
Scarborough Subway Extension
$Million

Description ($ Millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Post 2023	Total
Gross Expenditures												
Scarborough Subway Extension												
Scarborough Subway	15	16	83	171	339	666	879	628	411	97		**3,305**
SRT Life Extension			14	15	16	16	17	17	18	19		**132**
SRT Decommissioning & Demolition											123	**123**
Total Annual Gross Expenditures	**15**	**16**	**97**	**186**	**355**	**682**	**896**	**645**	**429**	**116**	**123**	**3,560**
Financing												
Debt / Tax Supported Costs	15	3	20	38	73	140	185	133	88	24	25	**745**
Development Charges		1	5	9	17	32	42	30	20	5	6	**165**
Federal Funding		3	18	35	66	127	167	120	80	22	23	**660**
Provincial Funding		9	54	105	199	383	503	362	241	65	69	**1,990**
Total Financing	**15**	**16**	**97**	**186**	**355**	**682**	**896**	**645**	**429**	**116**	**123**	**3,560**

However, the 2014 -2023 Capital Budget and Plan does not address all the TTC's capital needs. Despite the sizeable City's investment in TTC there is a need for a Tri-Party Partnership between the Government of Canada, the Province of Ontario and the City of Toronto for dedicated, long term, stable funding plan and special City/TTC Taskforce will be established to prioritize, seek and secure funding from the Provincial and Federal governments.

3. Maximizing Development Charge Funding

Development Charge funding has been utilized to the extent permissible in the 2014 –2023 Tax-Supported Capital Budget and Plan in order to mitigate the reliance on debt and other funding. Development Charge funding was directed to growth-related shares of eligible capital projects, as required under Development Charges legislation. As part of the changes in the Development Charges Bylaw, 2014 represents the first year of a two-year (2014 –2016) phase-in of the Council-adopted development charge rate increases. As a result of updated rates and development forecasts, development charge funding provided for in the 2014 – 2023 Capital Plan has reduced debt requirements over the 10 year planning period by $1.047 billion of which $395 million is resulting from the new Development Charge By-law.

The Development Charge funding is primarily utilized in the following programs:

- Parks, Forestry and Recreation ($223.970 million);
- City Planning ($21.962 million);
- Transportation Services ($219.919 million);
- Waterfront Revitalization Initiative ($61.042 million);
- Toronto Police services ($46.261 million);
- Toronto Public Library ($45.197 million); and
- Toronto Transit Commission ($375.788 million).

The ability to leverage additional development charge funding of $395 million has enabled the City to redirect the resulting debt funding room made available to other capital priorities which require additional debt such as:

- City Planning ($10.750 million) provides funding for 3 Additional HCD Studies and 5 Additional Avenue or Area Studies per year;
- Economic Development ($19.886 million) which includes $10.0 million investment in BIA Streetscapes Improvement Program, Fort York Visitors Centre and Toronto Centre for the Arts Main Stage Reconfiguration;
- Facilities Management and Real Estate ($31.819 million) funds investments for St. Lawrence Market North and Toronto Strong Neighbourhoods Program;
- Parks, Forestry and Recreation ($11.000 million) funds replacement of one Ferry Boat;
- Transportation Services ($76.665 million) funds investments in Traffic Congestions Management Program, Traffic Plan Restoration, King Liberty cycling Pedestrian Bridge, Yonge/Hwy 401 Interchange improvement and Castlefield-Caledonia Infrastructure;
- Toronto Public Library ($12.560) provides funding for Guildwood Library Relocation, Northern District Renovation, Weston Renovation and Technology Asset Management Program; and
- Toronto Police Services ($8.700 million) provides funding for the Electronic Document Management and Business Intelligence Technology.

Debt Financing

Over the 2014-2023 capital planning horizon, planned debt for the City Programs and Agencies totals $6.589 billion. The City's strategy to increase Capital from Current ("pay as you go") contributions by 10% annually, $3.833 billion is available in the 10 year period to reduce debt requirements to $2.756 billion representing a 58.2% reduction in required debt funding

As shown in Table 5, the City will retire $2.978 million and reissue $2.812 million in debt over the 10 year planning horizon that will have no incremental impact on debt service costs resulting in a marginal decline in debt outstanding by $56 million, excluding debt requirements for the Scarborough Subway Extension Project.

Table 5
2014 – 2023 Debt Requirements
$Million

	2013 Council Approved Debt/CFC	2014	2015	2016	2017	2018	2014 - 2018 Debt / CFC	2014 - 2023 Debt / CFC
Debt								
TTC (includes Spadina)	484	309	454	321	373	256	1,712	2,002
City Programs and Other Agencies	503	562	516	524	483	440	2,526	4,587
Total Planned Debt	**986**	**871**	**970**	**845**	**857**	**696**	**4,238**	**6,589**
Capital from Current (CFC)	219	240	265	291	320	352	1,468	3,833
Debt Requirement	**768**	**630**	**705**	**554**	**537**	**344**	**2,770**	**2,756**
Total Debt - Retire	120	228	300	475	500	425	1,928	2,978
Debt - Reissue	120	228	300	475	500	425	1,928	2,812
New Debt Requirement before Scarborough Subway	648	402	405	79	37	(81)	842	(56)
Scarborough Subway	0	3	0	0	0	0	3	531
Total New Debt Including Scarborough Subway	**648**	**405**	**405**	**79**	**37**	**(81)**	**845**	**475**

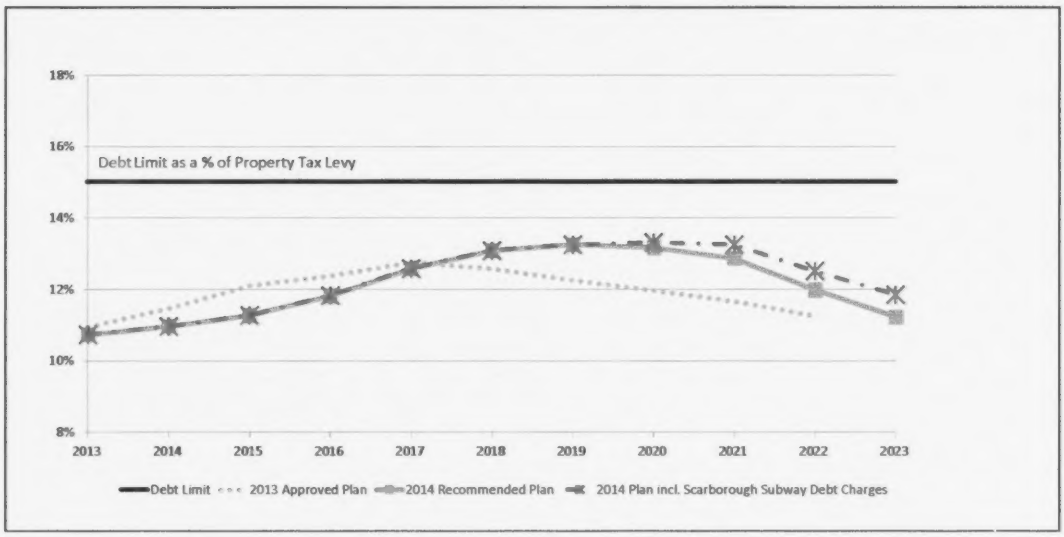
Debt Service Ratio

At its meeting of February 23 and 24, 2011 (EX3.3), Council adopted a maximum limit of 15% of debt service charges as a percentage of property taxes. This reaffirmed the limit which was established by Council in 2006.

As a result of the capital financing strategy and reduced interest rates, the debt service charge ratio resulting from the 2014 – 2023 Capital Budget and Plan will not exceed the approved 15% debt service charge guideline, as shown in Chart 4.

There are two important factors to consider in Chart 4 below. Firstly, operating budget pressures from debt charges over the next several years will be moderated by applying future operating budget surpluses; development charges; asset monetization; dividends; and expected new Provincial and Federal funding.

Chart 4
Debt Changes as a % of Property Tax Levy
2014 – 2023 Capital Budget and Plan



Secondly, the buffer between the forecasted debt charges and the 15% limit is wider in the first three years of the Plan. This provides the City with room for unforeseen capital emergencies such as extreme weather damages and to accommodate higher interest rates, if necessary. However, the buffer should not be considered as additional funding capacity for adding capital projects over the 10 year planning horizon, but rather reducing debt service cost that provides flexibility to fund enhanced City services in the Operating Budget.

The Scarborough Subway Extension capital project only marginally impacts the debt service ratio and not until 2020. Debt charges as a % of property taxes without the Scarborough Subway extension is approximately 10.95% in 2014 increasing to 13.24% in 2019 and declining to 11.21% in 2023. In comparison, the debt ratio including the Scarborough Subway Extension project remains unchanged at approximately 10.95 % in 2014 and increases to 13.30% in 2020 then declines to approximately 11.84% in 2023 which is only marginally higher than in 2014.

Authority to Issue Debentures During 2014

The proceeds from debentures to be issued under the authority in this report will be used to finance capital expenditures that have been incurred or committed for approved projects. The authority to borrow up to $900 million for City purposes in 2014 has been authorized under By-law No. 330-2011 as amended by By-law No. 100-2012 in order to maintain capital market timing flexibility and the City's ability to finance:

- Capital expenditures that were previously approved but not yet permanently financed; and,
- Debenture requirements as contained in the 2014 – 2023 BC Capital Budget and Plan, which will be considered by Council at its special meeting.

The Deputy City Manager and Chief Financial Officer confirms that borrowing up to $900 million to fund 2014 capital expenditures (i) can be financed by the issuance of debentures with maturities not to exceed 30 years; and, (ii) will not increase tax-supported debt charges as a percent of the property tax levy to exceed 15%. The Deputy City Manager and Chief Financial Officer further confirm that funds are available from the other sources as identified in the 2014 Capital Budget.

Approval of the 2014 Sinking Fund Levies

The City of Toronto Act (CoTA), sub-section 255 (4) states that, "If in any year an amount is or will be required by law to be raised for a sinking fund or retirement fund of the City, the City treasurer shall prepare for City Council, before the budget for the year is adopted, a statement of the amount." This report requests Council's approval for the 2014 sinking fund levies of $186.379 million for the City and $2.294 million for the Toronto District School Board (TDSB). Sinking fund levies related to TDSB's sinking fund debt will be fully recovered from the Board.

Incremental Operating Impacts

As part of the annual capital budget process, the incremental cost impact on the Operating Budget from completed capital projects over their useful life is estimated and evaluated. The objective of this evaluation is to ensure that all operating cost increases associated with the 10–Year Capital Budget and Plan are both accurate and affordable and to factor these cost increases in the annual operating budget and forecasts. Similarly, incremental operating savings or revenues arising from the completion of capital projects are also captured.

Capital projects impact the Operating Budget in the following ways:

- Principal repayment and interest payments on debt issued to finance the capital plan (i.e. debt service costs);
- Increased operating costs including on-going maintenance and programming costs for new infrastructure, rehabilitated or expanded facilities;
- Efficiency savings from capital investments that reduce operating costs; and / or,
- Direct contributions from the operating fund to finance pay-as-you-go capital projects thereby reducing the annual borrowing requirements.

The incremental operating impact from the approval of the 2014 - 2023 Capital Budget and Plan on the City's 2014 and future Operating Budgets totals $57 million over the 10 year period, as set out in Chart 5 below.

Chart 5
2014 – 2023 Capital Budget and Plan Operating Impact
Program Costs
$Million

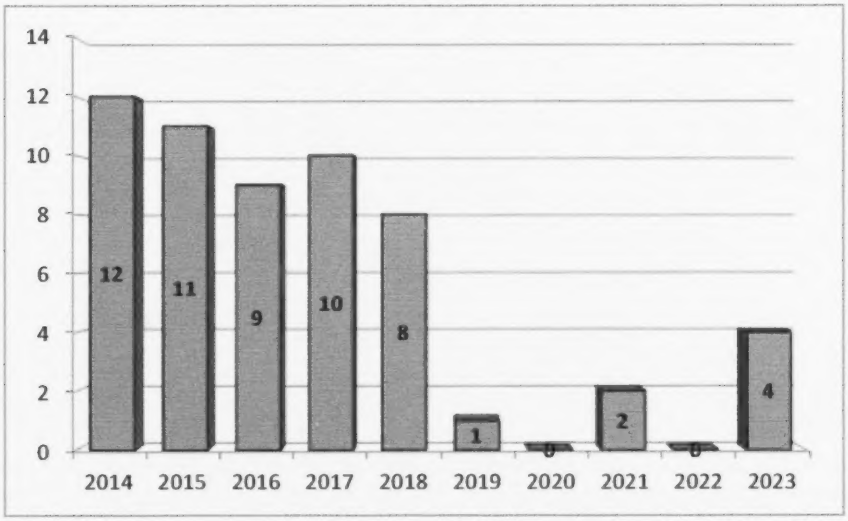
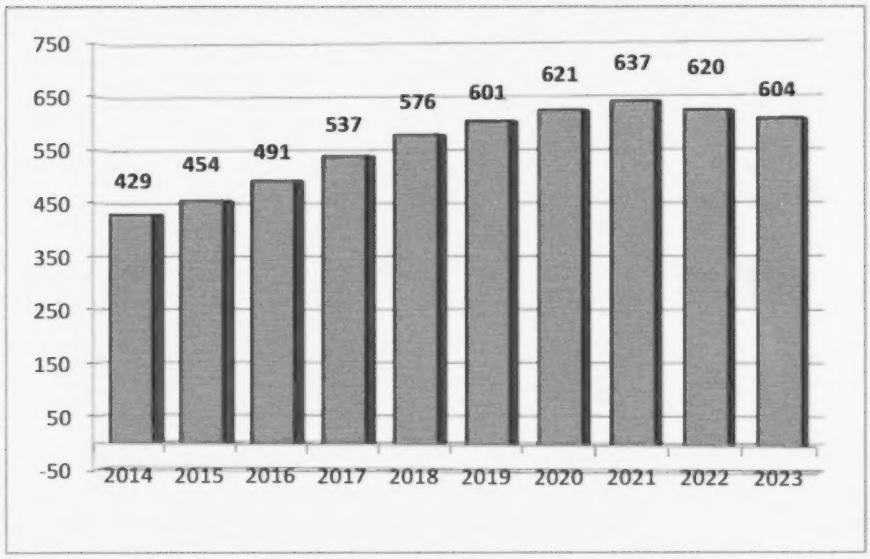


Chart 5(a)
2014 – 2023 Capital Budget and Plan Operating Impact
Debt Charges
$Million



Incremental debt service charges of $175 million represent interest and principal repayment on new debt over the term of the 10-Year Capital Plan, debt charges are increasing over 2014 - 2021 and decreasing through the 2022 - 2023, as set out in Chart 5(a) above. Program costs are included in the operating budget of the appropriate City Program or Agency; while debt service

costs are provided for in the Capital and Corporate Financing account in the non-program Operating Budget.

COMMENTS

2014-2023 Capital Budget and Plan

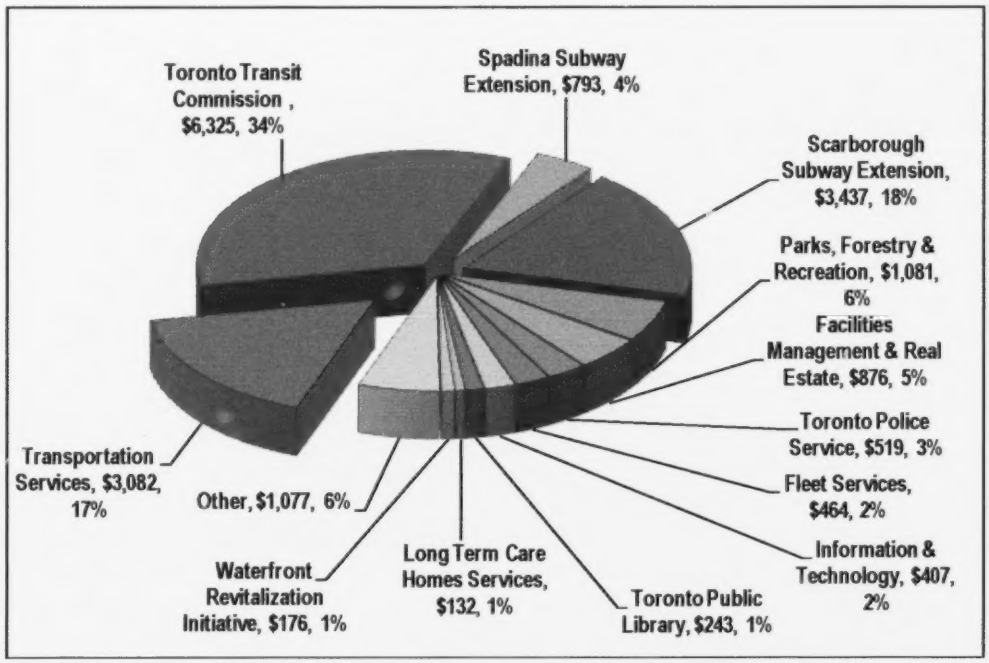
Major challenges for the 2014 multi-year capital planning process included:

- Addressing the increased investment need in SOGR due to aging infrastructure such as the Gardiner Expressway, TTC and Parks, Forestry & Recreation.
- Accommodating Ridership Growth for the TTC.
- Addressing TTC unfunded capital projects totalling $2.526 billion.
- Managing debt by ensuring that debt costs remain below the 15% approved by Council.

The 2014 Capital Budget and Plan satisfies Council's policy agenda, is fiscally responsible and focuses on infrastructure rehabilitation. It places priority on projects that protect the health and safety of citizens, meet legislated requirements, and those that maintain the City's infrastructure in a state of good repair to support cost-effective service delivery. Balancing the extensive capital maintenance needs of the City's massive and aging infrastructure against demands for new investments to satisfy the service requirements of a growing population and emerging priorities within affordable debt limits continues to be a challenge for the City.

The 2014 - 2023 Capital Budget and Plan totals $18.613 billion (excluding 2013 funding carried forward into 2014) as shown in Chart 6. TTC alone accounts for the majority of the expenditures in the 10 year capital spending plan. Inclusive of the Spadina Subway and the Scarborough Subway extensions projects, the TTC's 2014 - 2023 Capital Budget and Plan is $10.555 billion representing approximately 56% of the total spending in the Capital Plan while Transportation Services totals $3.082 billion or 17%. Taken together, transit and transportation capital works account for three quarters of the expenditures in the 2014 - 2023 Capital Budget and Plan, as outlined in Chart 6.

Chart 6
2014 – 2023 Capital Budget and Plan
$Million
$18.613 Billion


Toronto Transit Commission, $6,325, 34%
Spadina Subway Extension, $793, 4%
Scarborough Subway Extension, $3,437, 18%
Parks, Forestry & Recreation, $1,081, 6%
Facilities Management & Real Estate, $876, 5%
Toronto Police Service, $519, 3%
Fleet Services, $464, 2%
Information & Technology, $407, 2%
Toronto Public Library, $243, 1%
Long Term Care Homes Services, $132, 1%
Waterfront Revitalization Initiative, $176, 1%
Other, $1,077, 6%
Transportation Services, $3,082, 17%

Toronto Transit Commission

The 10-Year Capital Budget and Plan for the TTC totals $10.555 billion of which $0.793 billion is allocated to the Spadina Subway Extension and $3.437 billion to the Scarborough Subway Extension projects. Excluding the Spadina Subway and Scarborough Subway Extension projects, the TTC's 10-Year Capital Plan is $6.325 billion which requires debt financing of $2.002 billion.

TTC's 10-Year Capital Budget and Plan achieves the following key strategic objectives, maintaining the current transit system addressing in a state of good repair addressing ridership demand and expanding the transit network. The 10 Year Capital Plan provides:

- $3.437 billion for the new Scarborough Subway extension.
- $676.3 million for 195 low floor, accessible light rail vehicles to replace the existing streetcar fleet.
- $262 million for the purchase of TTC fleet, 90 new subway cars to increase capacity by 9% and 60 new subway cars for ridership growth.
- $237.2 million for new articulated buses and 165 new forty foot diesel buses to improve services and ridership growth.

- Funding of $665.268 million to deliver the for the *ATC Resignalling* project that will improve the Yonge-University-Spadina (YUS) and Bloor-Danforth (BD) Subway signaling system.

- *$413.4 million in funding for Bridges and Tunnels* project that will address infrastructure maintenance and improvements to bridges and tunnels.

- The *Leslie Barns Streetcar Maintenance and Storage Facility* project with expenditures of $245.335 million will enable the construction of a new maintenance and storage facility for LRVs.

- $182.235 million in funding for the *Easier Access Phase III* project that will make modifications to subway/RT stations to ensure that they are accessible to persons with disabilities.

Prior to submitting the 2014 - 2023 Capital Budget and Plan, TTC assessed their capital needs through a series of internal budget reviews and initially submitted a 10-Year Capital Plan comprised of capital works that totalled $9.1 billion in gross expenditures that would have required $5.0 billion in new City debt funding. This requested debt funding exceeded the TTC's established 10-year debt target of $2.002 billion by $3.1 billion which went beyond the City's debt capacity and, was therefore, not affordable.

$Million	Gross	Debt	Impact on Debt
Final TTC 10-Year Request	**9,072**	**5,012**	**3,134**
Actions Taken			
Deferred Wheel-Trans Projects Pending Review Of Future Needs (New Garage and 112 Buses)	(203)	(203)	(203)
Reduced Track Replacement Project Cost	(18)	(18)	(18)
Inc. Toronto Water Contribution for Leslie Barns		(10)	(10)
Increased Development Charge Funding		(253)	(253)
Revised TTC 10-Year Request	8,851	4,528	2,650
Projects Placed Below the Line	(2,526)	(2,526)	(2,526)
Recommended TTC 10-Year Plan	**6,325**	**2,002**	**124**

In order to fund the TTC's capital needs, the Budget Committee implemented the following actions to reduce expenditures and maximized non-debt financing sources:

- Reduce the 10-Year Capital Budget and Plan by $338 million based on the TTC's project spending rate thereby providing sufficient funding based on ability to spend. As a result, these removed projects are treated as unmet SOGR needs, or backlog.

- Adjust capital project funding for track replacement and the Leslie Street facility based on City cost sharing with Transportation Services and Toronto Water.
- Maximize Development Charge funding for eligible growth projects resulting in an increase to DC funding of $253 million from the new DC By-Law balances and projected contributions.
- Provide $1.129 billion in reserve funding from the capital financing strategy utilizing proceeds from the use of surplus operating funds in accordance with the City's surplus management policy, Build Toronto and one-time Toronto Parking Authority dividends and anticipated contributions from the Federal and Provincial government.

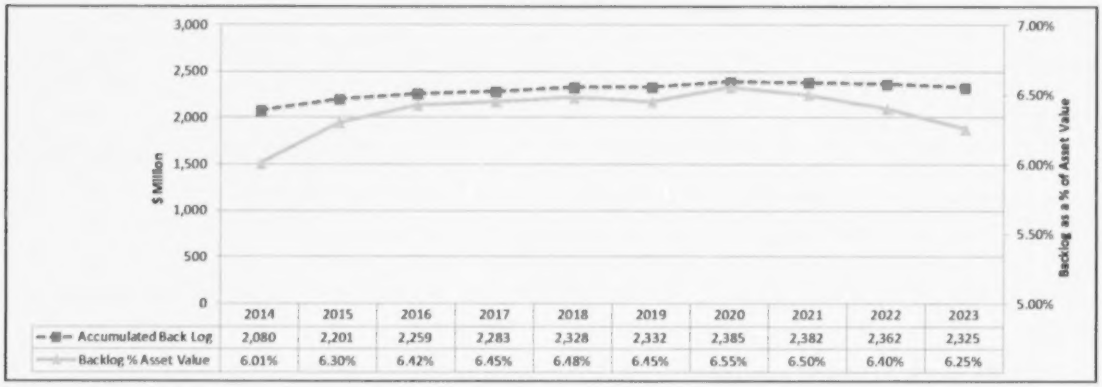
	$Million
Toronto Transit Commission Unfunded Projects	**2,526**
2014-2023 Reductions	
Rolling Stock (Subway Cars, LRVs and Buses for growth or replacement	1,575
Scope Increases (Fire Ventilation Upgrades and Phase 2 of McNicoll Bus Garage)	260
New Projects (station Finish Renewal and Train Door Monitoring)	112
Legislated Projects that exceed affordability (Easier Access)	240
Projects that will to the City's backlog (Ability to Spend)	338
Total 2014-2023 Project Reductions	**2,526**

A task force will be established to prioritize, seek and secure funding from both the Federal and Provincial governments for this shortfall.

State of Good Repair (SOGR) Backlog

Managing the accumulated SOGR backlog is a key capital strategic objective and priority for the City. With growing capital demands accompanied with renewal needs of an aging infrastructure the emphasis continues to be protection and preservation of existing infrastructure. This is evident throughout the 10-year capital planning period, as the 2014 - 2023 Capital Budget and Plan allocates $11.144 billion or 59.9% of capital funding to capital works to ensure City infrastructure required to deliver services to the citizens of Toronto are maintained in a state of good repair.

Chart 7
Tax Supported State of Good Repair Backlog
$Million



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accumulated Back Log	2,080	2,201	2,259	2,283	2,328	2,332	2,385	2,382	2,362	2,325
Backlog % Asset Value	6.01%	6.30%	6.42%	6.45%	6.48%	6.45%	6.55%	6.50%	6.40%	6.25%

Overall, estimates indicate that the current accumulated SOGR backlog will increase from 2014 to 2023 to approximately $2.325 billion representing the equivalent of 11.8% increase to the SOGR accumulated backlog. The increase is mainly driven by the newly established $338 million SOGR backlog for the TTC. SOGR spending will decline from 62.4% of total expenditures from 2014 – 2018 to 59.9% in 2019 – 2023.

SOGR Backlog by Program

The top 5 programs with accumulated SOGR backlog are shown in Table 6 below and include, Transportation Services, Toronto Transit Commission (TTC), Facilities Management and Real Estate (FM&RE), Toronto and Region Conservation Authority (TRCA) and Parks, Forestry and Recreation (PF&R) which make up $1.820 billion or 87.5% of the $2.080 billion SOGR backlog. With the exception of Transportation Services and TTC, SOGR capital funding will reduce the accumulated SOGR for each of these Programs over the 10 year capital planning period.

Table 6
State of Good Repair by Program
$Million

$ Million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation Services	949	981	1,011	1,038	1,045	1,056	1,107	1,149	1,187	1,218	1,215
Toronto Transit Commission	0	30	93	123	148	183	208	243	278	313	338
Facilities Management and Real Estate	334	329	351	341	337	324	308	296	288	279	285
Toronto & Region Conservation Authority	187	185	182	180	177	175	172	169	166	163	158
Parks, Forestry & Recreation	310	296	308	330	335	360	317	305	247	184	120
Other	259	260	255	246	240	231	219	223	216	206	209
Total SOGR Backlog	2,039	2,080	2,201	2,258	2,283	2,329	2,331	2,385	2,382	2,363	2,325
Total Asset Value (end of year)	33,699	34,642	34,939	35,164	35,393	35,933	36,155	36,395	36,648	36,904	37,180
SOGR as % Asset Value	6.05%	6.01%	6.30%	6.42%	6.45%	6.48%	6.45%	6.55%	6.50%	6.40%	6.25%

Parks, Forestry and Recreation

In the 2014 – 2023 Captial Budget and Plan, the City will provide $286 million additional funding to Parks Forestry and Recreation, of which a significant portion will be used to address the Program's SOGR backlog.

Through the 2013 Capital Budget process, City Council requested the DCM and CFO to report to Budget Committee with a plan to expedite the reduction in the Parks, Forestry and Recreation SOGR accumulated backlog in the 2014 Capital Budget and Plan.

As a result, the Program's debt affordability target was increased by $165 million over 10 years for the sole purpose of reducing the SOGR backlog, allocated specifically to four asset categories: Pools, Community Centres, Arenas, and Trail and Pathways which were trending toward high backlog balances.

- The Trails, Pathways and Bridges' SOGR accumulated backlog is reduced from $37.907 million in 2014 to $8.119 million in 2023 or 78.6% of the SOGR accumulated backlog for this asset category.
- The Arenas' SOGR accumulated backlog of $57.691 million in 2014 is reduced by 99% or $57.144 million by 2023.
- The Community Centres' SOGR accumulated backlog of $68.740 million is reduced by $45.2 million or 65.8% over the 10 year period.
- The Pools' SOGR accumulated backlog of $13.903 million in 2014 is reduced by $10.515 million or 75.6% of this asset type.

Transportation Services

Transportation Services' SOGR funding that was added to the 2013 Capital Budget has been continued in the 2014 – 2023 Capital Budget and Plan that focus on the rehabilitation of the Gardiner Expressway and major road capital works. Subsequently, Transportation Services undertook condition assessments of local road capital infrastructure and determined that approximately $125 million of SOGR funding is required for the rehabilitation needs of local roads. Given that the average annual SOGR funding for local roads is approximately $54.161 million, there is an annual shortfall of approximately $71 million. However, the shortfall could

rise as high as $85 million per year, over the upcoming years, due to the upcoming wave of aging infrastructure that are at the end of their lifecycle.

Toronto Transit Commission

In 2013 City Council decided that the TTC quantify, develop and maintain detailed SOGR backlog of its capital program, to be provided to the City during the 2014 budget process. For 2014, TTC's backlog is being established at $30 million, which will grow to $183 million by year 2018 and to $338 million by year 2023.

The TTC's 2014-2023 Capital Budget and Plan totals $6.325 billion, (excluding the Scarborough Subway Extension project), of this $5.843 billion or 92.4% is allocated to SOGR. Despite the sizeable investment by the City the TTC has significant unmet needs. There is a requirement for a tri-party partnership by the Government of Canada, the Province of Ontario and the City of Toronto to establish a funding strategy to support TTC's ongoing capital pressures. A task force will be established to prioritize, seek and secure funding from both the Federal and Provincial governments.

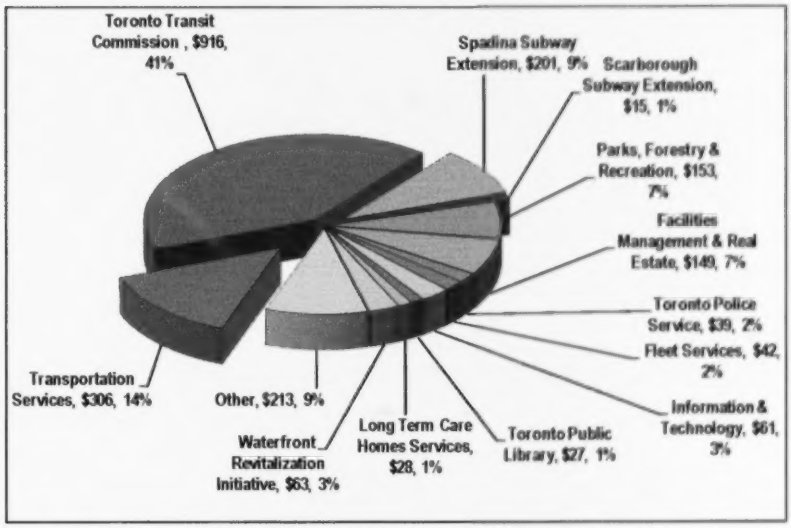
Notwithstanding ongoing reinvestment, much of the City's capital assets continue to age, the City must in turn address the SOGR requirements specifically of both Transportation Services' and the TTC to reverse their SOGR upward trend. If normalized replacement/rehabilitation does not take place, then the existing infrastructure will reach the end of its useful life and it will become a part of the backlogIf the City is to reach a state of good repair, efforts to reduce backlog and continue the process of normalized replacement/rehabilitation must proceed concurrently. Otherwise, the backlog will grow, thus requiring larger capital costs in the future.

2014 Capital Budget

The 2014 Capital Budget, excluding 2013 carry forward funding, totals $2.212 billion. Chart 8 shows the 2014 Capital Budget of $2.212 billion by major Program and Agency. Capital spending for the TTC (inclusive of the Scarborough and Spadina Subway Extension Projects) represents 51% or $1.132 billion of the total capital expenditures for 2014, followed by Transportation Services which accounts for 14% or $306 million.

Similar to the 10-Year Capital Plan, the 2014 Capital Budget allocates $1.438 billion or 65% of capital spending to TTC (inclusive of the Scarborough and Spadina Subway Extension Projects) and Transportation services.

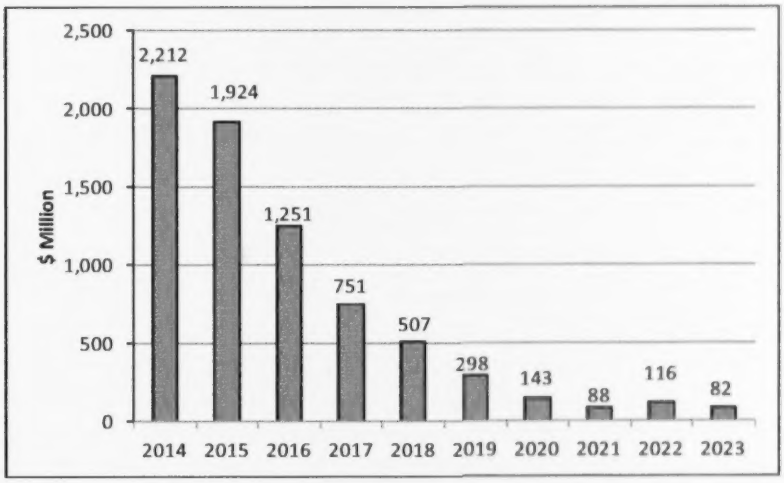
Chart 8
2014 Capital Budget by Program
$Million
$2,212 Billion


Toronto Transit Commission , $916, 41%
Spadina Subway Extension, $201, 9%
Scarborough Subway Extension, $15, 1%
Parks, Forestry & Recreation, $153, 7%
Facilities Management & Real Estate, $149, 7%
Toronto Police Service, $39, 2%
Fleet Services, $42, 2%
Information & Technology, $61, 3%
Toronto Public Library, $27, 1%
Long Term Care Homes Services, $28, 1%
Waterfront Revitalization Initiative, $63, 3%
Other, $213, 9%
Transportation Services, $306, 14%

2014 Capital Budget and Future Year Commitments

Approval of the 2014 Capital Budget of $2.212 billion (excluding 2013 funding carried forward into 2014) will commit the City to future year cash flow funding of $1.924 billion in 2015; $1.251 billion in 2016; $751.144 million in 2017; $507.132 million in 2018; and, $726.680 million from 2019 to 2023, as outlined in Chart 9.

Chart 9
2014 Capital Budget and Future Year Commitments
$Million



2014 Capital Budget Including Carry Forward Funding

In accordance with the City's Carry Forward Funding Policy, financing to continue work on 2013 projects that were not completed as planned requires Council approval to carry forward the unspent cash flow and re-budget the funding balance. A capital project with carry forward funding is a previously approved project for which approved capital work was not completed on schedule and the associated cash flow budget was not fully spent and / or committed in the year of approval. In these situations, the unspent amount, or a portion thereof, will be required to complete the project and is carried forward to the following year and added to the new cash flow estimates without impacting debt borrowing levels.

Including 2013 carry forward funding of $805.110 million 2014 Capital Budget is $3.017 billion.

What is Being Built - Project Highlights

Listed below are key projects to be delivered by the 2014 - 2023 Capital Budget and Plan. These projects contribute toward fulfilling the City's priorities and on ensuring that the assets used to deliver services to the public are maintained. The projects highlighted below indicate major deliverables / outcomes, delivery date and the 2014 – 2023 cash flow funding.

A major priority of Council is to make Toronto a City that moves people by transit, roadways, and cycling infrastructure and reduce traffic congestion and maintain infrastructure in a state of good repair. The 2014 – 2023 Capital Budget and Plan include projects that will:

- Repair approximately 1,000 km of roads, 50 km of expressways, 600 km of sidewalks and 150 bridges:
  - Major road rehabilitation (2014-2023, $677.6565 million),
  - Local road resurfacing/reconstruction (2014-2023, $541.617 million),
  - Rehabilitation of the F. G. Gardiner expressway (2014-2023, $535.109 million),
  - City bridges rehabilitation (2014-2023, $396.307 million) and
  - Sidewalks maintenance (2014-2023, $130.540 million).
- Expand cycling infrastructure adding approximately 100 km of bike trails (2014-2023, $88.097 million) including:
  - West Toronto Rail Path,
  - Claireville- Humber Trail Extension,
  - Scarborough Waterfront,
  - East Don,
  - Highland Creek and Black Creek trails, and
  - Approximately 80 km of critical on-street bike lane connections, where the community supports them and where they do not impede traffic flow

- Minimize traffic congestion including:
  - Traffic Congestion Management through intelligent transportation systems initiatives ($18.000 million),
  - The Six Points Interchange Redevelopment ($40.548 million),
  - Yonge Street / Highway 401 Interchange Improvements ($25.000 million),
  - Regent Park Revitalization ($7.345 million), and
  - Property acquisition for the Ingram Drive Extension ($11.715 million).
- Maintain TTC assets in a SOGR, and improve and expand the transit system to manage ridership growth, including:
  - Purchase of 90 of 360 new subway cars to increase capacity by 9% and 60 new subway cars for ridership growth (2014 - 2017, $262.000 million),
  - Acquire 142 new articulated buses and 165 new forty foot diesel buses to improve service and for ridership growth to 2017, (2014-2017, $237.200 million),
  - Purchase 195 of 204 low-floor, accessible light rail vehicles to replace the existing streetcar fleet (2014-2019, $676.300 million),
  - Install state-of-the-art signaling systems on the Yonge-University-Spadina line to increase train capacity (2014-2019, $364.600 million), and
  - Begin Planning for the Scarborough Subway (2014, $14.500 million)
- Continue revitalization of Union Station to accommodate increased commuter volumes and transformation into a multi-modal transportation hub (2014-2016, $392.700 million)
- Complete the addition of a second subway platform and concourse improvements at Union Station (2014, $7.300 million)

The 2015 Pan/Parapan American Games is the world's third largest international multi-sport event. The City of Toronto's share of the Pan/Parapan American Games capital infrastructure budgeted in the 2014 – 2023 Capital Budget and Plan is $56.257 million and includes projects that will:

- Upgrade the Etobicoke Olympium (2014, $8.127 million),
- Resurface Centennial (2014, $0.672 M) and Birchmount (2014, $0.420 million) tracks to comply with international specifications and development,
- Resurface 20 km of municipal roads for the Pan/ParaPan American Games' cycling route (2014, $9.537 million),
- Construct new Festival Plaza (2014-2015, $7.460 million) and Splash Pad (2014, $0.500 million) at Exhibition Place,
- Complete Pan Am Sports Centre construction of two 10-lane, 50 meter pools, dedicated dive tank, multi-court gymnasium, running track, climbing wall and various fitness and training areas (2014-2015, $28.626 million),
- Upgrade existing track at York University (2014-2015, $1.486 million),
- Develop a new bicycle moto cross (BMX) course (2014-2015, $1.496 million), and

- Upgrade the West Channel for Water Ski and Wakeboard, Open Water Swimming and the swim segment of the Triathlon (2014-2015, $3.300 million).

Public safety and responsive emergency services are a major priority of the citizens of Toronto. To this end, the 2014 – 2023 Capital Budget and Plan include projects that will:

- Construct new stations:
  - Fire Station D in Scarborough 2014, $0.976 million),
  - Chaplin Fire Station (2014-2015, $7.035 million),
  - Fire Station B in Downsview (2014-2016, $5.635 million),
  - Fire Station A near Highway 27 and Rexdale Blvd. (2014-2016, $7.242 million),
- Construct North West District EMS Multi-Function Station (2014-2016, $11.050 million) and a South East District Multi-Function Station (2019-2022, $15.200 million), and
- Construct new Fire Station G and a new EMS ambulance station in the Sunnybrook area, discussion on co-location underway (2021-2023, $13.821 million).
- Replace firefighters bunker suits (2015 and 2020, $8.200 million), self-contained breathing apparatus (2014, $5.6 million), defibrillators (2016, $1.000 million) and portable radios (2017, $5.000 million),
- Purchase 10 new specialized fire trucks that will service densely populated areas, increasing number of highrise towers and special public events (2014 - 2015, $3.250 million),
- Additional 15 new ambulances (2017-2019, $2.145 million),
- Purchase 200 power stretchers for EMS (2014-2016 $3.000 million),
- Replace EMS defibrillators (2015-2017 and 2023, $12.740 million) and portable radios (2016, $1.000 million),
- Replace the radio communication system shared by the Police Service, Fire and EMS by 2014 (2014, $27.156 million), and
- Rehabilitate and upgrade Police facilities to support service delivery:
  - Renovate 330 Progress Avenue site to accommodate parking enforcement requirements (2014, $5.800 million) and 52 Division (2014-2015, $8.300 million),
  - Relocate and replace Toronto Police Service's 41 Division (2016-2019, $38.928 million) and 13 Division (2018-2021, $38.9 million), and
  - Replace 54 Division (2015-2018, $36.297 million).

The City is investing in public spaces that are developed and maintained for the use and enjoyment by the general public. The 2014 – 2023 Capital Budget and Plan include projects that will:

- Revitalize St. Lawrence Market North into a multi-purpose facility containing a public market, space for ancillary use and parking (2014-2017, $88.686 million),
- Complete revitalization of Nathan Phillips Square to host a greater number and variety of public activities and special events (2014, $7.436 million),

- Increase City's investment in BIA streetscapes (2014-2023, $55.615 million):
- Implement the Civic Improvement - Places Program (2014, $3.2 million and $29.1 million).
- Address Environmental Stewardship initiatives including:
  - Erosion control and damage from the 2013 July storm by the Toronto and Region Conservation Authority (2014-2032, $30.000 million),
  - Protect valley and shoreline erosion (2014-2023, $18.000 million),
  - Monitor and re-naturalize watercourses, water quality and habitat (2014-2023, $30.377 million), and
  - Prepare and monitor various waterfront sites (2014-2023, $14.380 million).
- Plan and develop our waterfront including:
  - Proceeding with Precinct implementation projects including:
    - Queens Quay Revitalization, West Don Lands Development, and Mill Street Right-of-Way (2015-2023, $44.156 million), and
    - Developing Easy Bayfront external infrastructure, hydro connections, local streets (Bayside and Dockside), promenades (Water's Edge and Dockside), parks (Sherburne and Aiken Place) and public realms (2014-2017, $30.500 million).
  - Continuing Gardiner Environmental Assessment (EA) (2014-2015, $2.200 million).
- Invest in arts, culture and heritage such as:
  - Complete Fort York Visitor Centre (2014, $12.855 million),
  - Reconfigure Toronto Centre for the Arts Main Stage (2014-2015, $6.925 million),
  - Continue restoration of Casa Loma (2014-2015, $4.101 million), and
  - Proceed with the design for the John Street Revitalization project (2014, $2.315 million).

The City offers community programs and services that improve the quality of life of all its citizens and ensure opportunity for all. The 2014 – 2023 Capital Budget and Plan funds projects that will:

- Repair parkland damaged from the July 8, 2013 storm (2014, $3.900 million),
- Invest in Parks, Forestry & Recreation state of good repair (2014-2023, $491.808 million),
- Upgrade and improve parks amenities as per Parks Plan (2014-2018, $21.600 million),
- Replace the Don Mills Civitan Arena (2014-2019, $15.800 million),
- Complete new Community Centres such as York Community Centre (2014-2015, $20.430 million), and Regent Park Community Centre (2014-2015, $21.226 million),
- Provide 11 more new or expanded community centre projects over the 10 years (2015 – 2013, $194.700 million),
- Design and acquire new Toronto Island Ferry (2015-2018, $11.000 million),

- Continue Parks, Forestry and Recreation's state of good repair projects to address accumulated SOGR backlog through the Capital Asset Management Planning (CAMP) projects (2014-2023, $491.808 million),
- Complete Toronto Reference Library revitalization (2014, $2.070 million),
- Complete construction of new Fort York Library (2014, $3.301 million),
- Substantially complete construction of the new Scarborough Civic Centre Library (2014-2015, $6.079 million) which increase our total to 100 City Libraries,
- Complete relocation of Library Processing Centre and installation of main library material automated sorting system (2014, $7.475 million),
- Upgrade 25 municipally owned child care centres located in City-owned facilities (2014, $1.6 million) as part of the Toronto Early Learning Child Care Centres (TELCCC) SOGR project (2014-2023, $14.110 million),
- Construct St. John Evangelist Catholic School Child Care Centre, a joint project with the Toronto Catholic School Board (2014 - 2017, $3.900 million); and 5 additional child care centres yet to be allocated (2015 – 2017, $16.900 million),
- Complete the necessary state of good repair and health and safety work at 10 long-term care homes (2014, $10.440 million),
- Complete the redevelopment of Kipling Acres (Phase 1) scheduled for occupancy by the end of 2013 and demolish existing 192-bed facility (2014, $7.546 million), and
- Construct Kipling Acres (Phase 2), a 145 bed facility with an expected completion by 2016 (2014-2016, $45.055 million).

City Planning helps to guide and manage the City's growth, and the effects on the social, economic and natural environment while striving to enhance the quality of life for Toronto's diverse residential and business communities. The 2014 – 2023 Capital Budget and Plan funds projects that will:

- Continue to meet legislated/statute-based requirements for the City's current Official Plan (2014, $0.3 million), Zoning By-law (2014, $0.755 million) and Archaeological Master Plan (2014, $0.050 million),
- Complete Planning Act's statutory 5 year review of the Official Plan and Municipal Comprehensive Review 2017-2020, $2.100 million), and
- Complete various growth-related studies including:
  - Local Area Studies, Secondary Plans, Avenue Studies and Transportation /Transit Planning Studies, and Heritage Conservation District Studies/Plans (2014-2023, $26.105 million).

Residents will be provided with direct and simple access to City staff and services. The 2014 – 2023 Capital Budget and Plan include projects that will:

- Revitalize and transform external City's website (toronto.ca) making it more engaging, intuitive, interactive and service-focused (2014 – 2016, $5.100 million),
- Enhance public access to Toronto Building Services through the website, email, regular mail, telephone, self-kiosk or over-the-counter (2014 – 2016, $3.400 million),
- Provide access to City information and services from anywhere at any time (2014 – 2017, $6.600 million) via Enterprise Mobility project,
- Automate application forms for Natural Gardens, Noise Exemptions, Fence Exemptions, Right of Entry Applications, Art Mural Applications (2014 - 2015 $0.800 million), and
- Provide on-line scheduling for court dates, wedding chapel bookings, appointments for social assistance, and register and pay for Recreation programs and other City services through 311 Toronto (2014 – 2015, $5.800 million).

Rate Supported 2014 – 2023 Capital Budget and Plan Overview

Toronto Parking Authority (TPA) 2014 – 2023 Capital Budget and Plan

The Toronto Parking Authority manages an estimated 19,000 on-street parking spaces controlled by the environmentally friendly pay-and-display technology or single spaced meters. The Authority also maintains approximately 22,100 off-street spaces, which include 12 attended lots; 14 fully automated garages; and, 172 unattended lots. The total estimated replacement value of the Toronto Parking Authority assets is $632.600 million.

The 2014–2023 Capital Budget and Plan focuses on balancing infrastructure renewal needs for state of good repair and service improvement projects to meet the forecasted increase in demand for off-street parking, while minimizing service interruptions and revenue losses.
The Authority's strategic priorities include continued improvements to customer service through innovative solutions to specific parking problems, efficient expansion of services via joint partnership with the private sector, and utilization of new technologies to reduce operating costs.

The 2014–2023 Capital Budget and Plan totals $395.719 million as shown in Table 7 and provides funding for the expansion or re-development of over 50 off-street parking facilities. These facilities will be primarily served by pay and display machines. By allocating $53.465 million to the state-of-good repair projects, the 10-Year Capital Plan addresses any future potential for state of good repair backlog.

Table 7
2014 Capital Budget by Program
$Million
$395.7 Million

$ Million	Capitla Plan					2014 - 2018		2014 - 2023	
	2014	2015	2016	2017	2018	Total	%	Total	%
Expenditures									
State of Good Repair (SOGR)	8.5	5.0	5.0	5.0	5.0	28.5	11.0%	53.5	13.5%
Service Improvements	40.5	74.4	44.3	41.2	29.3	229.8	89.0%	342.3	86.5%
Total Expenditures	**49.0**	**79.4**	**49.3**	**46.2**	**34.3**	**258.2**	**100.0%**	**395.7**	**100.0%**
Funded By:									
Reserve / Reserve Funds	4.6	3.5				8.1	3.1%	30.6	7.7%
Current & Future Retained Earnings	41.9	59.2	26.9	14.2	18.3	160.5	62.1%	271.5	68.6%
Sale of Air-Rights	2.5	16.7	22.4	32.0	16.0	89.6	34.7%	93.6	23.7%
Total Funding	**49.0**	**79.4**	**49.3**	**46.2**	**34.3**	**258.2**	**100.0%**	**395.7**	**100.0%**

2014 Capital Budget

The 2014 Capital Budget for the Toronto Parking Authority of $49.001 million will provide funding to:

- Begin development on several carparks including Oakwood/Eglinton Carpark ($0.750 million).
- Continue installation of pay-and-display units and greening of carparks with funding of $0.850 million and $0.400 million respectively.
- Complete structural maintenance and technical upgrades of on-street and off-street parking facilities with $8.465 million in funding, including:
  - Concrete repairs at Carpark 125 ($0.125 million), Carpark 52 ($0.300 million) and Carpark 36 ($0.200 million);
  - Lighting and repaving upgrades at various carparks ($1.480 million);
  - Elevator upgrades at Carpark 150 ($0.200 million); and

Signage upgrades at various locations ($0.450 million).

- Complete redevelopment of:
  - Carpark 411 parking facility ($2.500 million);
  - Carpark 17 ($2.100 million); and
  - Addition of 2 levels at Carpark 1 ($8.729 million).

10-Year Capital Budget and Plan

The 10-Year Capital Plan supports the Toronto Parking Authority's objectives of providing safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking.

The Authority's strategic priorities include continued improvements to customer service through innovative solutions to specific parking problems, efficient expansion of services via

joint partnership with the private sector, and utilization of new technologies to reduce operating costs.

State of Good Repair

- $53.465 million is provided in the 10-Year Capital Plan to fund a comprehensive state of good repair program for the maintenance of off-street and on-street parking facilities and related infrastructure.
- State of Good Repair projects are driven by renewal needs and are designed to extend the useful life of assets and to ensure service reliability. Examples include electrical and signage upgrades, elevator replacements, replacement of bumper fences, structural modification and repairs, paving etc., at various carparks throughout the City.

Service Improvements

- Over the 10-year capital planning horizon, funding of $342.254 million is allocated for the expansion and / or redevelopment of off-street parking facilities. The parking facilities will ensure that businesses in areas served throughout the City continue to grow and their neighborhoods remain vibrant.
- Green projects at various carparks have enabled the Toronto Parking Authority to increase landscaping at existing off-street parking facilities throughout the City. This program will improve the retainment of rainwater and reduce surface run-off. The 10-Year Capital Plan provides funding of $0.400 million for the greening of carparks.
- The Toronto Parking Authority is currently negotiating and finalizing numerous joint venture arrangements with their respective development partners. Major joint venture redevelopment projects planned within the 2014-2023 timeframe including the following projects:
  - Carpark 411 at Roe Avenue - $2.500 million in 2014.
  - Carpark 664 at Oakwood, West of Eglinton - $0.025 million in 2014, $0.635 million in 2015.
  - Carpark 41 at 7 Norton, Corso Italia - $10.900 million in 2015.
  - Carpark 204 at 1117 Dundas West -$8.750 million in 2015.
  - Carpark 217 at 1445 Bathurst - $10.900 million in 2015. The retail area severed by Carpark 217 is in need of additional off-street parking.
  - Carpark 164 - Forest Hill Village - $24.0 million in 2016 will provide additional 80 spaces.
  - Carpark 5 - $10.000 million in 2016. The redevelopment of Carpark 5 will improve off-street parking services and accommodate the development of a new building by a developer.
  - Carpark 655 (Chinahouse) - $9.800 million in 2016.
  - Carpark 15 (Yorkville – Cumberland Garage) - $32.000 million in 2017.
  - Carpark 224 at 34 Hanna - $11.000 million in 2018. The existing Carpark is aging and a completely new garage
    will be required in the near future.

- Other large Service Improvement projects involve the redevelopment of a number of off-site parking lots such as:
  - Redevelopment of Nesbitt Lot, Carpark 17 - $2.1 million in 2014.
  - Expansion of Carpark 78, Danfort, East of Broadview – $2.8 million in 2014.
  - Leslieville Carpark - $2.9 million in 2014.
  - King, West of Spadina Carpark - $12.500 million in 2014.
  - Carpark at Kingston Road – West of Victoria Park - $0.100 million in 2014 and $2.4 million in 2015.
  - Ryerson/Metroplitan Carpark - $0.250 million in 2014 and $13.500 million in 2015, for a total of $13.750 million.
  - Bay / Lakeshore (Downtown Fringe) Carpark - $10.000 million in 2020.
  - Redevelopment of Carpark 12 - $9.300 million in 2018.
  - Development of a Carpark at Yonge/York Mills - $14.500 million in 2019. This project is anticipated as a joint venture with Build Toronto, which has plans for redeveloping the area.
  - Harbourfront Carpark- $4.500 million in 2023.
  - North York Centre Carpark - $4.000 million in 2021.

10-Year Capital Plan Funding Sources

The 10-Year Capital Plan of $395.719 million will be financed by $271.479 million in current and future retained earnings, $93.640 million from the sale of air rights/third party funding and $30.600 million in Reserve / Reserve funds.

- Funding from current and future retained earnings represent 69% or $271.479 million ($160.489 million or 62% during the first 5 years) of the required capital financing of $395.719 million.
  - This is the most significant funding source. It varies by year based on available use of other sources of funds.
  - The Authority anticipates average annual funding from current and retained earnings of approximately $32.098 million during the first 5 years and $22.198 million during the the last 5 years of the 10-Year Capital Plan period.
- Air rights funding constitutes 24% or $93.640 million ($89.640 million during the first 5 years) of the total capital financing of $395.719 million.
  - This funding source is more significant in the first 5 years of the capital program as the majorty of the joint venture redevelopment projects, most notably the Redevelopment of Carpark 15 (Yorkville – Cumberland Garage) at a cost of $32.000 million and the Carpark 164 (Forest Hill Village) redevelopment of $7.500 million, will take place during the first 5 years of the 10-Year Capital Plan.
  - Another 11 joint venture projects are anticipated over the 10-year planning horizon involving redevelopment of carparks at various locations throught the City (Carpark 411

at Roe Avenue, Carpark 655 at 935 Eglinton Avenue East, Carpark 204 at Dundas and Dovercourt etc.)

- Funding from reserve funds amounts to $30.600 million or 8% over the 10-year period. Projects funded from reserve funds include Queen / Ossington Carpark; redevelopment of the Cabbagetown Carpark, Little Italy Carpark, St./Claire Oakwood Carpark and Carpark 217. This funding source consists of future rental income from the existing locations as well as new rental income that will be generated from new locations included in the 10-Year Capital Plan.

Toronto Water – 2014 – 2023 Capital Budget and Plan

Toronto Water is responsible for water treatment and supply; wastewater collection and treatment; and stormwater management across the City.

The estimated replacement value of Toronto Water's inventory of capital assets is $28.256 billion. Toronto Water maintains two categories of capital assets, linear infrastructure, such as distribution (5,466 km) and transmission (548 km) watermains, sanitary (3,930 km), combined (1,511 km) and storm (4,954 km) sewers; and facilities/plant assets such as water filtration (4) and waste water treatment plants (4), water (18) and wastewater pumping stations (82), reservoirs, storage and detention tanks.

While State of Good Repair (SOGR) projects remain a priority, given the significant backlog in infrastructure renewal, considerable funding ($2.871 billion) is still provided to support the implementation of the Wet Weather Flow Master Plan, Basement flooding projects and Growth Related projects, some of which are partially recovered from Development Charges.

The 2014–2023 Capital Budget and Plan totals $8.972 billion as shown below in Table 8. It provides funding for Health and Safety projects of $38.092 million; Legislated projects of $1.016 billion; State of Good Repair projects of $5.045 billion; Service Improvement projects of $2.136 billion, and Growth Related projects of $736.390 million.

Table 8
2014 Capital Budget by Program
$Million
$8.972 Billion

	Capitla Plan					2014 - 2018		2014 - 2023	
$ Million	2014	2015	2016	2017	2018	Total	%	Total	%
Expenditures									
Health & Safety	4.4	11.8	10.4	5.1	2.9	34.6	0.9%	38.1	0.4%
Legislated	33.7	63.4	67.7	98.6	128.7	392.0	9.7%	1,016.8	11.3%
State of Good Repair (SOGR)	251.7	468.5	516.0	541.3	561.7	2,339.2	57.7%	5,045.2	56.2%
Service Improvements	156.1	196.3	212.3	191.5	215.1	971.2	23.9%	2,135.6	23.8%
Growth Related	30.8	54.4	61.4	92.7	80.5	319.8	7.9%	736.4	8.2%
Total Expenditures	**476.7**	**794.3**	**867.8**	**929.2**	**988.9**	**4,056.9**	**100.0%**	**8,972.1**	**100.0%**
Funded By:									
Reserve / Reserve Funds	431.5	745.1	820.1	873.8	935.3	3,805.7	93.8%	8,477.9	94.5%
Development Charges	29.9	37.0	38.9	47.6	46.0	199.3	4.9%	424.5	4.7%
Other Revenue	15.3	12.3	8.9	7.8	7.6	51.9	1.3%	69.7	0.8%
Total Funding	**476.7**	**794.3**	**867.8**	**929.1**	**988.9**	**4,056.9**	**100.0%**	**8,972.1**	**100.0%**

2014 Capital Budget

The 2014 Capital Budget, excluding funding carried forward from 2013 to 2014, requires new 2014 cash flow funding of $476.713 million.

- Health and Safety projects represent $4.405 million or 1% of the 2014 Capital Budget and include building and electrical upgrades at wastewater treatment plants.
- Funding of $33.720 million or 7% of the 2014 Capital Budget is allocated to Legislated projects. The most significant project in 2014 is the District Water Service Repair project which includes Lead Water Service Replacement, accounting for approximately 46% of the funding for this category of projects in 2014.
- State of Good Repair projects account for $251.730 million or 53% of the 2014 Capital Budget providing funding to address emerging SOGR requirements as well as $41.521 million to address 2.5% of the current SOGR backlog of $1.641 billion. Approximately $98.210 million or 39% of the total 2014 SOGR funding will be dedicated to the watermain and sewer replacement and rehabilitation projects.
- Service Improvement projects represent 33% or $156.066 million of the total new cash flow funding for 2014. Examples of service improvement projects include biosolids treatment and disposal, wastewater treatment plant odour control, Water Metering Program, Basement Flooding Relief Work Plan, elements of the Wet Weather Flow Master Plan and, wastewater treatment plant optimization.
- Growth projects account for 6% or $30.792 million of 2014 funding and include initiatives for improving water efficiency, reducing water loss and expansion projects required for future water supply and wastewater treatment demand.
- Toronto Water's 2014 Capital Budget continues to be self-sustaining and does not require debenture financing. It does not impact the municipal property tax levy.
  - The 2014 Capital Budget is funded primarily from the Program's reserves, which accounts for approximately 91% or $431.477 million of total financing.
  - Development charges provide funding of $29.895 million or 6% of the 2014 Capital Budget.
  - Capital cost sharing with York Region for construction of new water and sewer connections, represent 3% or $15.341 million of 2014 funding.

10-Year Capital Budget and Plan

The 10-Year Capital Plan for Toronto Water of $8.972 billion provides funding for Health and Safety projects of $38.092 million; Legislated projects of $1.016 billion; State of Good Repair (SOGR) projects of $5.045 billion; Service Improvement projects of $2.136 billion, and Growth Related projects of $736.390 million.

- Health and Safety projects represent approximately 0.4% or $38.092 million ($34.592 million over the first five years) of total funding in the 10-Year Capital Plan.
  - Capital funding for these projects is allocated primarily within the first 5 years of the 10-Year Capital Plan period in order to improve the safety of chemical storage and upgrade electrical systems at Ashbridges Bay, Humber and North Toronto wastewater treatment plants.

  - Funding for Health and Safety projects is minimal in the second 5 years of the 10-Year Capital Plan reflecting the anticipated completion of 3 of the 4 Toronto Water Health and Safety projects by 2019.

- Legislated projects account for $1.017 billion or 11.3% of total funding ($392.044 million over the first five years).
  - Legislated projects are required to comply with existing and emerging provincial legislation, including Bill 195 -Safe Drinking Water Act, Bill 81- Nutrient Management Act and Bill 72 – Water Opportunities and Water Conservation Act. These projects are also required to comply with the Federal government's Environmental Protection Act.
- The most recent regulations were enacted in July 2012 under the Fisheries Act and are the first federal regulations that specifically address municipal wastewater treatment plant effluents. The new federal Regulations impose regulatory requirements beyond those already imposed by the Ontario Ministry of the Environment (MOE) resulting in additional financial impacts to the City.
  - The Ashbridges Bay Effluent System projects directly address the new federal Fisheries Act Wastewater System Effluent Regulations, representing approximately 57.5% or $584.310 million of the total legislated project funding included in the 10-Year Capital Plan.
  - Other examples of legislated projects are Sewage Pumping Station upgrades and District Water Service Repair projects.
  - Funding for Legislative projects is expected to increase in future years as regulations governing water supply and wastewater treatment continue to become more stringent.
- State of Good Repair (SOGR) projects continue to drive Toronto Water's capital program.
  - $2.339 billion in funding is for infrastructure renewal projects from 2014 to 2018, representing 57.7% of the 10-Year Capital Plan funding allocated to SOGR projects. Total SOGR funding will amount to $5.045 billion by 2023, or 56.2% of total funding for Toronto Water's 10-Year Capital Plan.
  - SOGR funding increases in 2015 to $468.473 million from $251.730 million in 2014, and averages approximately $540 million per year from 2016 to 2018.
  - SOGR funding continues at stable levels over the next five year period. SOGR funding trends ensure the continued reduction of Toronto Water's infrastructure renewal backlog from $1.641 billion in 2013 to $91.923 million by 2023.
- Service Improvement projects represent approximately 23.8% or $2.136 billion ($971.217 million over the first five years) of total funding in the 10-Year Capital Plan.
  - Capital funding for these projects increases consistently over the 10 year period, from $156.066 million in 2014 to $273.005 million in 2023, with an annual average funding of $213 million.
  - Funding for Service Improvement is primarily required for Basement Flooding, Wet Weather Flow Master Plan and Storm Water Management projects with increases in funding levels aligning to the objective of reducing the impact of extreme weather events.
- Growth projects represent approximately 8.2% or $736.390 million ($319.798 million over the first five years) of total funding in the 10-Year Capital Plan.

- Funding for anticipated growth projects such as new and enhanced watermains and service connections is consistent over the 10-Year Capital Plan period, averaging $41.025 million per year. However, funding for planned significant stand alone projects will vary from year to year based on growth requirements. Examples of stand alone Growth Related projects included in the 10-Year Capital Plan are Lawrence Allan Revitalization Plan ($33.561 million) and Regent Park ($3.212 million) projects.
- During the first 5 years of the 2014 – 2023 Capital Plan period, annual funding for growth projects range from $30.792 million in 2014 to $92.730 million in 2017.
- Further increases in funding for growth projects continue over the 2019-2023 period, due to the planned upgrades of transmission of watermains.

10-Year Capital Plan Funding Sources

Over the 10-year planning horizon, Toronto Water's Capital Plan continues to be 100% funded and does not require debenture financing.

- The 2014 Capital Budget and 2015-2023 Capital Plan is funded primarily from the Program's reserves, representing approximately 94.5% or $8.972 billion of total capital financing.
- Capital funding from Toronto Water reserves increases from $431.477 million in 2014 to $957.966 million in 2021. This increase in reserve funding coincides with the planned implementation schedules for large capital projects such as Ashbridges Bay Waste Water Treatment Plant disinfection and outfall construction projects, Highland Creek Biosolids project and Basement Flooding Relief projects.
- It should be noted that year 2014 represents the last year for previously approved annual water rate increases of 9% which were intended to address infrastructure renewal spending which has more than doubled over the last 5 years. After 2014, water rate increases and associated funding are planned at a lower rate (3%) than in the previous years (9% increases since 2006.
- Development Charges (DC) provide approximately 4.7% or $424.524 million of financing included the 10-Year Capital Plan. The DC funding estimates are based on revenue projections and development charge rates approved by Council at its meeting of October 8, 9 10 and 11, 2013.
- The use of Development Charge funding by increasing available funding has been maximized with funding increased by approximately $203.8 million over the 10 year period (from $174.6 million in the 2013-2022 Capital Plan). This will assist Toronto Water in maintaining a relatively healthy reserve balance, without further reducing its capital program.

Other revenues, such as capital cost sharing with York Region represent 0.8% or $69.726 million of total capital financing.

Solid Waste Management Services

Solid Waste Management Services (SWMS) maintains infrastructure valued at $478 million for 2014 (excluding landfills), comprised of 7 transfer stations, 1 material recycling facility, 2 organics (SSO) processing facilities (the second facility will be fully operational in 2014), 5 collection yards, 1 active and 160 closed landfills and an approximate distribution of 1.6 million organics, recycling and waste bins.

The 10-Year Capital Plan totaling $686.114 million as shown in Table 9 focuses on funding major diversion facilities to advance the City's goal of 70% Waste Diversion by investing in facilities and systems necessary to achieve this target as well as to continue Collection Yard and Transfer Station Asset Management and Perpetual Care of closed landfills.

Table 9
2014 Capital Budget by Program
$Million
$686.1 Million

	Capitla Plan					2014 - 2018		2014 - 2023	
$ Million	2014	2015	2016	2017	2018	Total	%	Total	%
Expenditures									
Legislated	24.9	24.2	25.1	27.5	29.6	131.2	28.3%	255.9	37.3%
State of Good Repair (SOGR)	9.6	7.3	6.6	6.8	3.6	33.9	7.3%	50.0	7.3%
Service Improvements	42.1	70.0	39.0	76.3	71.3	298.8	64.4%	380.2	55.4%
Total Expenditures	**76.5**	**101.5**	**70.7**	**110.6**	**104.6**	**463.9**	**100.0%**	**686.1**	**100.0%**
Funded By:									
Debt Recoverable	42.1	57.4	40.1	52.7	50.3	242.7	52.3%	353.8	51.6%
Reserve / Reserve Funds	34.3	44.1	30.6	42.3	37.9	189.2	40.8%	283.6	41.3%
Provincial / Federal				15.6	16.3	32.0	6.9%	48.7	7.1%
Total Funding	**76.5**	**101.5**	**70.7**	**110.6**	**104.6**	**463.9**	**100.0%**	**686.1**	**100.0%**

2014 Capital Budget

The 2014 Capital Budget, excluding funding carried forward from 2013 to 2014, requires new 2014 cash flow funding of $76.477 million.

- Service Improvement projects account for 55% of the total planned cash flow for 2014 at $42.1 million, Legislated projects account for 33% or $24.9 million and 12% or $9.6 million funds SOGR projects;
- Service Improvement projects for 2014 include:
  - The Diversion Systems project ($29.4 million) provides funding for single and multi-residential green, recycling and waste bins both new and replacement. This project also includes funding of $0.750 million for a new Toronto Community Housing Corporation (TCHC) Organics Program Implementation project.
  - Construction completion of the Disco SSO Processing Facility ($8 million); the Dufferin SSO Facility construction start ($6 million) and funding for the study of the Long Term Waste Management Strategy ($1 million). In addition, $2.6 million will be spent on beginning Corporate and SWMS specific technology business systems.
- Legislated projects for 2014 include:

  - The perpetual care of closed landfills ($10 million) and new, ongoing, landfill development at Green Lane including control systems ($6.5 million), buffer land acquisition ($1.5 million) and waste cell excavation and construction ($6.9 million).

- SOGR projects for 2014 include:
  - The Transfer Station Asset Management project ($9 million) for various improvements that are required to meet health and safety, operational and environmental requirements and include preservation of existing infrastructure, additional facilities to enhance services, reduced off-site impacts and improvements to operating efficiency.
  - The Collection Yard Asset Management project ($0.6 million) for site improvements and renovations to various yards.
- The 2014 Capital Budget is funded by a combination of recoverable debt (55% of the 2013 cash flow at $42.1 million) and reserve funding (45% or $34.4 million).
  - The Waste Management Reserve Fund funding will cover 100% of expenditures for the Transfer Station Asset Management project and the Collection Yard Asset Management project; as well as 30% of the construction of the Disco SSO Facility in 2014. The Green Lane Reserve Fund will fund 19% or $2.8 million of all Green Lane landfill development in 2014. The remaining funding requirements for these projects are funded from recoverable debt.
  - The Perpetual Care Reserve Fund is funding $10 million or 100% of the 2014 requirements for perpetual care of old landfills.

10-Year Capital Budget and Plan

The 10-Year Capital Plan for SWMS is primarily comprised of Service Improvement projects for facilities; SOGR and Legislated projects for facility and landfill development and on-going asset management. Diversion Facility expansion / renovation and new facility construction have been prioritized and included in the 10-Year Capital Plan to progress toward achieving the waste diversion target of 70% as approved by City Council in 2007.

Legislated Projects

- *The Green Lane Landfill Acquisition & Cell Development* project with a total 10-year cash flow of $164.6 million provides annual funding for cell development at the Green Lane Landfill site including new waste cell excavation and construction for $84.9 million, landfill systems for $64.8 million and buffer land acquisition for $15 million over 10 years. Landfill Systems projects include leachate and gas control systems as well as final cover/storm control/site cervices and engineering and monitoring capability.
- The Perpetual Care project will provide a variety of works considered necessary for the ongoing maintenance of closed environmentally sound landfill sites after primary operations have ended. The planned cash flow totals $91.2 million over 10 years.

State of Good Repair Projects

- The *Transfer Station Asset Management* project with a total 10-year cash flow of $45.8 million provides funding to build various improvements to the transfer stations that are required to meet health and safety, operational and environmental requirements, such as

compliance with the Gasoline Handling Act, Ministry of Environment (MOE) approvals, Ministry of Labour standards, and the Collective Agreement. Improvements include: preservation and enhancement of existing building and work areas.

Service Improvement Projects

- *The Dufferin SSO Facility project* with total funding over 10 years of $43.5 million will span 2014 and 2018 to increase organics processing and to treat resulting wastewater. Construction of this facility that began in 2012 will continue to 2018 and will increase the processing capacity from 25,000 to approximately 55,000 tonnes per year by installing a second processing train, to expand the receiving area and to install a system to treat wastewater before discharge to the sanitary sewer.
- *The Disco SSO Facility project* has a total project cost of $76.5 million with major construction that began in 2011 and will be complete in 2014. Design and construction of a new City-owned SSO Processing facility was directed by City Council at its meeting of June 19, 20 and 22, 2007. This new facility will receive and process up to 75,000 tonnes per year of source separated organics (SSO) starting in 2014/15.
- *The Long Term Waste Management Strategy/Facility project* has a total project cost of $198.6 million with $197.6 million in cash flow funding remaining in the 10-Year Capital Plan. This project provides funding for professional technical services to assist with the facility study, request for proposal (RFP) and construction service efforts required for a vendor procurement process. The actual technology for the facility including possible processing capacity for mixed residual waste & biosolids in order to approach an overall waste diversion rate of 70% and its location are yet to be determined.

10-Year Capital Plan Funding Sources

The 10-Year Capital Plan of $686.114 million will be financed by $353.825 million of recoverable debt, $283.580 from Reserve / Reserve funds and $48.709 million from Federal Subsidies. With the completion of all major diversion facilites in 2019, required funding sources decline in the last four years of the Capital Plan.

- Recoverable Debt accounts for $242.699 million or 52.3% of the financing for the first 5 years of the plan and amounts to $353.825 million or 51.6% of the 10-Year Capital Plan. SWMS does not have debt targets as debt is recoverable from user fees and repayment of the debt is funded in the operating budget.
- Reserve and Reserve Funds constitute $189.298 million or 40.8% of required funding in the first 5 years and $283.580 million or 41.3% over 10 years. Compared to previous Capital Plans, reserve funding has gradually increased as more projects are being accommodated within this funding source as the Program plans for sustainable reserve funding. Reliance on recoverable debt will reduce as the Program continues to fund more projects from the Waste Management Reserve Fund. This reserve fund is dependent on on-going operating contributions.
- Anticpated Federal Subsidies represent $31.980 million or 6.9% of required funding in the first 5 years and $48.709 million of 7.1% over 10 years. Funding is required for the Long Term Waste Management Facility and amounts to 24.6% of total project cost and falls within the guideline for federal infrastructure funding. This funding source is conditional and may

change following the results of an external evaluation and subsequent upcoming Council decisions regarding the long term waste management strategy.

City of Toronto Capital Financial Planning and Budgeting Process

2014 Budget Process

Immediately following approval of the 2013 Budget, City staff began preparations for the 2014 - 2023 Capital Budget and Plan. The City conducted its 2014 administrative budget review from June to October, which was followed by a political budget review process from November to January. The 2014-2023 Capital Budget and Plan will be reviewed and approved by City Council at its meeting of January 29 and 30, 2014.

The City's approved financial planning and budgeting process is based on best practices. It incorporates a 3-Year Operating Plan comprised of an Operating Budget plus a 2-Year Outlook, and a 10-Year Capital Budget and Plan. Furthermore, it is moving to a mature process, including more service and performance based approach by focusing budget directions on service level and outcomes, linking budgets to service plans and engaging stakeholders. For 2014, the City's Operating Budget has been reoriented to a service view, which includes funding by service and associated service levels.

Changes to the 2014 Budget Process

In response to City Council's direction from its meeting of July 16, 2013, changes were made to the 2014 Budget Process to provide opportunities to ensure greater transparency in the Budget Process, improve the briefing all Councillors and reviewing of divisional budgets and corporate accounts, permit more time between Standing Committee meetings and earlier distribution of agendas and Standing Committee review of divisional service levels and standards prior to consideration of the annual Operating and Capital Budgets.

The 2014 Budget process was amended to incorporate to allow Standing Committees to provide direction to staff during the administrative budget process on service priorities, while also ensuring upfront public consultation to guide priority setting in advance of the budget launch.

This was accomplished by the utilization of program maps, activities and service levels that was developed for the Financial Planning Analysis Reporting System (FPARS), which also facilitated the core service review, has been included in analyst notes and is approved by Council.

For the 2014 Budget process, Council approved a service level review process that consisted of the following:

- In September of 2013, City Programs presented service levels, challenges, opportunities and directions to their appropriate Standing Committee, as part of the service level review process;

- The review of divisional service levels and activities along with any Standing Committee recommendations were (except for a couple of exceptions) referred to the budget process for consideration and to staff to guide staff during the 2014 administrative budget review process.

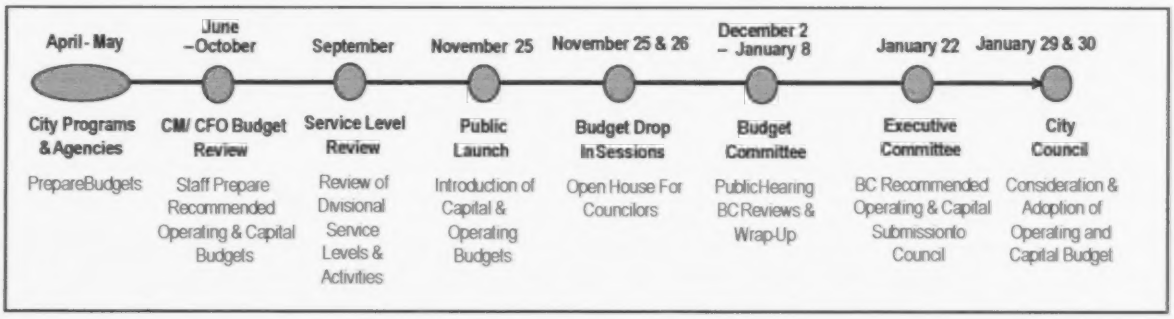
This review allowed for upfront community engagement and for Standing Committees to provide guidance to staff on service priorities in advance of the 2014 budget launch.

Future years Service Planning processes will both include City agencies; and guide a budget process framed over multiple years within context of current budget targets. As this process evolves, the review will take place in the Spring/Summer, while Programs are preparing future year budget submissions. The process will also include a review of performance (levels of service achieved) to determine targeted service objectives and priority actions have been met.

- Budget drop in sessions were made available over 2 days to all Councillors providing opportunities to ask questions of staff from each City Program/Agency relative to their specific areas of interest and /or concern.
- The Budget Website was redesigned to enhance public understanding of the budget content and process by incorporating a whiteboard animation video explaining how program services impact property taxes, budget summaries including Budget Basic Sheets and Budget at a Glance, Info Graphics on major City services and how to actively participate in the Budget Process; all with the purpose of making the Budget Process more transparent and understandable to the public.
- Redesign the Analyst Notes makes them more service and performance focused and easier to understand.
- Extended the Budget process by 18 days from the previous year, with a focus on adding more time between Standing Committee meetings and an earlier distribution of agenda materials.

2014 Financial Planning Process and Schedule

As shown in the chart below, the 2014 Budget Process was designed to obtain Council approval of both the 2014 Operating Budget and the 10-Year Capital Budget and Plan by January 30, 2014. While the timelines are aggressive, every effort was been made to ensure that the key elements of a good budget process are maintained.


April - May
June – October
September
November 25
November 25 & 26
December 2 – January 8
January 22
January 29 & 30
City Programs & Agencies
Prepare Budgets
CM/ CFO Budget Review
Staff Prepare Recommended Operating & Capital Budgets
Service Level Review
Review of Divisional Service Levels & Activities
Public Launch
Introduction of Capital & Operating Budgets
Budget Drop In Sessions
Open House For Councilors
Budget Committee
Public Hearing BC Reviews & Wrap-Up
Executive Committee
BC Recommended Operating & Capital Submission to Council
City Council
Consideration & Adoption of Operating and Capital Budget

Key elements of the 2014 Budget Process are outlined below:

November 25, 2013 – Public Launch:

- City Manager, Chief Financial Officer and Director, Financial Planning present the Staff Recommended 2014 Operating Budget and 10-Year Capital Budget and Plan to Budget Committee.

November 25 and 26, 2013 - Drop in Sessions:

- Following the Budget Launch drop in session were open to all Councillors providing an opportunity for Councillors to ask questions of staff from each Program and Agency.

December 2 and 3, 2013 – Public Deputations:

- Public provides input/response to staff recommended budgets.
- Staff prepare budget briefing notes and response to information requests.

December to January, 2014 – Town Hall Meetings:

- City Councillors held Ward Town Hall meetings to inform constituency on the Staff Recommended 2014 Operating Budget and 10-Year Capital Budget and Plan respond to questions and comments and provide input.

December 10 to 13, 2013 - Budget Review Meetings:

- Budget Committee Hearings to brief Councillors and the public on the Staff Recommended Budgets which launched the political review and process. This stage of the process includes the following:
- Cluster/Agency Head presentations of programs/services, service levels/standards delivered, challenges/accomplishments and Staff Recommended 2014 Operating Budget and 10-Year Capital Budget and Plan.
- Committee members may request additional information in the form of budget briefing notes.

December 20, 2013 – Budget Committee Wrap-Up:

- Budget Committee is provided briefing notes and supplementary reports.

January 8, 2014 - Budget Committee Final Wrap-Up:

- Budget Committee reviews briefing notes, responses to additional Program/Agency information requests and budget options.
- Budget Committee finalizes its review and establishes its 2014 Operating Budget and 10-Year Capital Budget and Plan to be considered by the Executive Committee.
- Staff prepare the Corporate Reports for the Budget Committee Recommended 2014 Operating Budget including an updated 2014 and 2015 Outlook and the 10-Year Capital Budget and Plan.

January 22, 2014 - Executive Committee Review:

- Executive Committee receives and reviews the Budget Committee Recommended 2014 Operating Budget and 10-Year Capital Budget and Plan.
- Executive Committee recommends the 2014 Operating Budget and 10-Year Capital Budget and Plan to City Council.

January 29 and 30, 2014 - Council Review and Approval:

- Council reviews and approves the 2014 Operating Budget and 10-Year Capital Budget and Plan.

The dates outlined above are critical to ensure quality and budget analysis, public engagement and timely City Council approval of the 2014 Operating Budget and 10-Year Capital Budget and Plan.

Conclusion

The 2014-2023 Capital Budget and Plan, achieves a balance between funding the maintenance of existing City assets in a state of good repair and address growth needs on a City wide basis, ensuring that services demand will be delivered in a sustainable manner in the long term, including building the Council approved Scarborough Subway line. Other than the Scarborough Subway, the additional capital requirements from TTC and Transportation are addressed by continuously applying non-debt funding strategies. As a result, the City continues to keep debt service costs at approximately 12% of the tax levy, which is below the 15% guideline to mitigate future impacts on the Operating Budget.